the Freeman

Ideas on Liberty

APRIL 1980

PARENT POWER: Can It Help Public Education?

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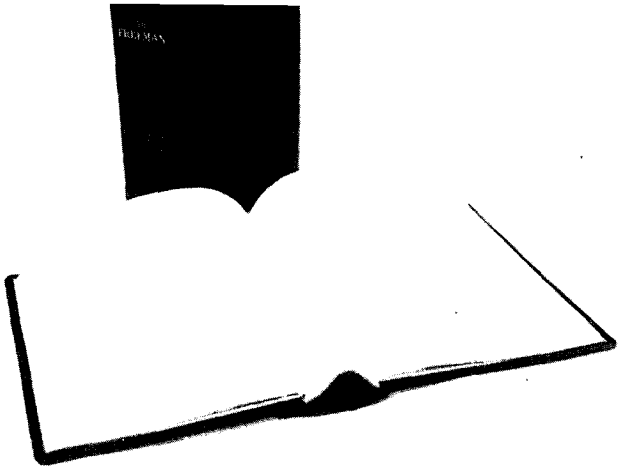

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Fred Schnaubelt

BILLBOARDS, FREEDOM OF SPEECH AND PROPERTY RIGHTS

"When I think of cities in the West, it makes me want to cry with longing. The beautiful advertising—those bright lights! That's where the life is!"

Each time the Courts, various City Councils, or the legislature attempt to further abridge freedom of speech and regulate advertising, I am reminded of the words above, spoken by an East Berlin student.[1] The essence of what he is saying—the very heart of his cry—is that billboards, and other forms of advertising, are signs of life. They are the signs of human interaction, economic vitality, and the need for information.

Envision in your mind's eye for a moment life in East Germany—the gray buildings, drab colored clothing, people walking the streets with shoulders slumped and heads hung low.

In contrast, now think of New York, Broadway, the great white way! It becomes readily apparent that advertising is the hallmark of a vital economy. Advertising is information, and it is the constant flow of information that is so essential to a marketplace in which millions of people act—selling, buying, trading, bartering, constantly shifting information about.

It may be very difficult for some of us to sympathize with the view of the East Berlin student for we have grown up with advertising and take

Mr. Schnaubelt, a former real estate broker, is now a San Diego City Councilman. His emphasis as an elected official is on "individual liberty and the free market—to encourage private solutions to problems and to educate people about economics."

[1]Steven Kelman, "Letter from East Germany," *The New Yorker* (September 30, 1972), p. 88.

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it for granted. Today many people even feel that advertising takes advantage of us: "It is claimed that advertising waylays people forcing them to buy things they would not otherwise buy, that it preys on the fears and psychological weaknesses of people, that it is misleading with its juxtaposition of beautiful women and the commercial product, fooling the gullible into believing that if they buy the product the woman is somehow a part of the deal; that it is silly with its contests, marching bands, and jingles and is an insult to our intelligence."[2] Others feel that advertising with its garish messages in the form of billboards destroys the natural beauty around us.

But what is so surprising, given our exposure to advertising, is how little aware we are of the many *positive* values that it represents in our lives.

When we strip away the jingles, the parables, the catchy phrases, the appeals to our vanity, what is left is *information*. Billboards substitute cheaply provided information for expensive search costs. One should hardly have to tell jurists and legislators that information is a valuable resource: knowledge is power. And yet, outdoor advertising occupies a slum dwelling in the township of informational economics.

Information is not costless for we live in a changing world. Firms must constantly determine what to produce, in what quality and quantity. Additionally, they must inform consumers about their products and services in the least expensive manner.

It used to be that even economists did not understand the informational function of advertising and thought it useless. Economist Yale Brozen explains: "These ideas emerged among economists in the 1930's from a two-dimensional analysis of an hypothetical static world with costless information and unchanging tastes, technology, and resources (including population). In such a world, advertising performs no useful function. Advertising expenditures in these circumstances waste capital."[3]

But as economic models began to more resemble the "real" world, this view began to broaden. In a real-life economy "information is a valuable resource: knowledge *is* power."[4]

The case becomes clearer if we try to imagine what life would be like in a world without advertising.

Picture yourself driving down a freeway late at night—hungry, sleepy, and nearly out of gas. There

[2]Walter Block, "A Libertarian Perspective on Advertising," *Reason* (October 1972), p. 16.

[3]Yale Brozen, "The FTC's Outmoded Campaign Against Advertising," *Reason* (June 1973), p. 18.

[4]George Stigler, "The Economics of Information," *Journal of Political Economy*, 69 (1961), 213, cited in Brozen, *op. cit.*, p. 19.

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are no billboards anywhere, and all you can do is hope to recognize some lights off the freeway in time to exit. Or maybe you should exit anyway and wander the streets in hope of finding an open station. But, no, even though your gas indicator is sinking fast, you decide to continue. You become more and more tense mile after mile, as there are no signs of life. You wonder how much longer your gas will hold out, and is it true that a car always has another three miles after the needle hits the "empty" mark? You wonder how much longer you can keep your eyes open without a cup of coffee.

You are about to give up when suddenly you notice a glow around the next curve. You press the accelerator with great anticipation, and rounding the curve you see it, looming before you—a sight to behold! Your heart begins to quicken with relief. Suddenly you are wide awake. For around that curve is a huge brightly lit billboard that boasts, "Holiday Inn, 2 miles. Food, Gas."

It is an easy thing to construct a scenario like the one above to make a point. It is more difficult, however, to explain the threat to our liberty that arises when government attempts to control the very essence of that liberty—our freedom to express our ideas regardless of the form in which we might choose to express them.

When you come right down to it, banning billboards or even regulating their use is a violation of individual rights. And there are three specific consequences arising from government interference of this kind.

First of all, let us look at freedom of speech as it relates to billboards and other kinds of advertising.

Freedom of Speech

Jefferson and Madison properly perceived that ideas must have a marketplace and that our First Amendment is the guarantor of that marketplace and the protector of dissenters who offer new or different ideas. All ideas are potentially inciting, provocative, and controversial, but to deny them a forum through a distorted interpretation of the First Amendment strikes at the very foundation that the First Amendment was designed to protect. All too often, when courts and juries have been forced to deal with ideas that are perceived as "offensive" or "threatening" or "too provocative," they have succumbed to the hysteria of the times—or, as some courts have phrased it, "Modern Thought"—and trampled on First Amendment guarantees.

The First Amendment is not a tool of the press. It is a tool of the people. It is not nearly so much a protector of the media as it is a protector of the people's right to know, their right to

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hear the ideas of others, and their right to have their ideas heard without interference from the government.

While most people might be willing to concede that freedom of speech is of great importance, many of them fail to make the connection when this principle is applied to commercial speech.

Clearly, First Amendment rights should be universally applied to all segments of the marketplace of ideas—to all media where those ideas might appear whether they be newspapers, magazines, "underground" publications, radio, television, or . . . billboards.

The First Amendment guarantees people freedom to choose the medium they prefer in which to express their ideas (be those ideas social, political, religious, or commercial).

Recently, the newspapers and television have been somewhat remiss in their defense of the First Amendment when it applies to billboards. Perhaps their owners do not really believe billboard companies should have freedom of speech. Or, perhaps it's because the outdoor advertising industry takes in millions of dollars in advertising revenues each year in direct competition with those television and newspaper corporations. I do not know.

But whatever the case, the real test of the media's commitment to freedom of speech, especially for newspapers, is determined by the conviction and forcefulness by which their editorials defend the outdoor advertising firm's right to exist. And that defense should be with the same fervor (as an absolute First Amendment right) that they defend their own freedom of the press.

Secondly, consider the economic consequences of banning or regulating billboards.

Narrowing the Choices

Economically, what forcefully eliminating billboards does is to narrow the range of choice for people who want to advertise. The market has naturally supplied many different ways in which advertisers can get their messages across. Eliminating or regulating billboards narrows the competition between various advertising sources. It does away with an extremely profitable part of the market as well as a certain number of jobs related to this part of the market. In other words, regulating billboards will have the same effect as regulating any other part of the economy. Government will only succeed in upsetting the balance of the market—giving some people competitive advantages that they may not have had in an unregulated situation.

In the third place, forbidding billboards or regulating their use is a blatant violation of property

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rights—the right of individuals to use their own property as they see fit. The right to property is essential if our right to our own lives and the right to our own liberty is to be exercised.

Most billboards stand on private property. Not to allow the owners of this property to use it as they wish is a punishment. It is unfair to deprive owners of the income from their property or to tell them how their property should be used.

Much of the pressure to get rid of billboards is exerted on the basis of aesthetic preference. Some people believe that billboards are offensive in appearance. But, in fact, this is a very poor point from which to argue, especially if it results in limiting the freedoms of other persons. We don't like or want *every* product or service available to us in the free market. And our preferences help to determine what is freely offered or introduced in the future. But in a free marketplace we have a choice. And that choice can only exist as long as no one is making coercive judgments (even if they are aesthetic).

But there is something else that should be considered here. We should ask ourselves why that which is created by human beings—those symbols of thriving human life—should be so despised by the very people whom they serve. We should also ask ourselves why it is that people fail to recognize the fact that billboards tend to exist only in places where they are useful—namely, along those thoroughfares where people who might need the information they provide can see them.

The complaint of the East Berlin student was that none of the life associated with advertising existed in his country. In the final analysis, it was not really the lack of advertising that he was complaining about—but the lack of things that advertising represented and that only a truly free society can provide.

IDEAS ON LIBERTY

The Crusade Against Excellence

THE processes of civilization are impaired when insincere politicians, seeking votes at any price through boob appeal, or hucksters, looking solely at ratings, reenact Gresham's law in a new area. Gresham admonished that "bad money drives out good" and, by the same token, uncritical worship of boob appeal stops the flow of information and inspiration to those capable of creative innovation.

MERRYLE STANLEY RUKEYSER

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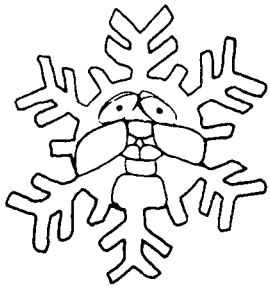
William J. Staley



Saying NO to a Snow Job

It is reported in Greek lore that Diogenes sought with a lantern in broad daylight trying to find an honest man. If he were to return today he might find the search for a businessman who refuses government assistance in times of distress to be almost as fruitless an effort. But it wouldn't be totally futile were Diogenes to visit the SugarCreek Ski Hills in Bellbrook, Ohio.

It is heartening when examples of men and women acting on sound principle come to our attention. William J. Staley is such an individual. As the owner of the SugarCreek Ski Hill, Bill Staley is facing a financial crisis because of a lack of snow this past winter. The cause of his troubles seems completely beyond his control; can he be blamed for poor management decisions because he didn't anticipate a mild winter? And even if he had superior forecasting abilities, there is not much a ski industry entrepreneur can do to compensate for a lack of snow.

What follows is an open letter written by Mr. Staley, a participant in a 1979 FEE Summer Seminar, in response to suggestions that the federal government provide low interest loans to help ski operators faced with financial problems. It is an inspiring example that self-reliance is still alive in the United States.

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Dear _____:

This letter is in response to your request for information to be submitted to the Small Business Administration—the end view being low interest government loans.

First, let me introduce myself. I am the owner of SugarCreek Ski Hills, Inc., in Bellbrook, Ohio. SugarCreek is a medium sized backyard ski area, grossing seven hundred fifty thousand to one million dollars per year from all sources. Over the fifteen years of our existence, we have grown slowly—via the rope tow, T-bar, poma route—installing our first chair lift in 1977. There have been good years, the late sixties and late seventies, and monumental monstrosities, such as 1972 thru 1975.

Today is Thursday, January 17, 1980. Out my window I see ugly patches of ice separated by green grass and blotches of mud, all of which translate to a disaster area. The weekend weather forecast is for completely marginal snow-making and if anything can be salvaged, it may cover the weekend payroll, certainly no more. The unpaid bills stacked on my desk are no longer accommodated by the proverbial "hat" in which they are thrown—no hat is that big. In short—and to extract a quote from your letter—I am not "one of those fortunate operators who are doing well."

My position is probably no different than hundreds of operators east of the Mississippi—add or subtract a zero here and there to reflect the relative size of operation. Our dilemma is the same. We have a problem and, somehow, it must be solved. I applaud any effort to help. *However*—parenthetically and emphatically—Washington, D.C. is the wrong answer. Wrong for two reasons:

1. Involvement with Washington is a disastrous short-run solution that will ultimately extract payment far exceeding any benefit received. Resultant spillover regulation, intervention and red tape can literally be expected to drive the cost of skiing completely out of the market place—beleaguered and bankrupt operators with it.

2. Any help received from Washington (low interest loans, guarantees, etc.) can only be gained at the expense of every taxpayer in the country—widows, orphans, poor people, and all of those millions of people who don't give a damn about skiing. We would never think of "begging" them for a dollar, but we are willing to surreptitiously steal it from them via special legislation, preferential treatment, and the like. Washington has no money to give

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that it has not taken from someone else.

So the issues are practical and moral. Government help ends self-help and ultimately devours the efficacy and the spirit of its supposed beneficiary. What then is the alternative? I can only give you mine.

1. Immediate and candid communication with my bank/bankers and suppliers.

2. An absolute, twenty-four hour per day commitment to providing every hour of skiing to my customers in the remaining days of this winter. There should be six to eight weeks left, so the jury is still out.

3. A willingness to go all the way to resolve the current crisis—personal notes, personal guarantees, and complete absorption of my personal estate into the financial mix.

4. A resolve to solve my own problems with those where a mutuality of interest exists—skiers, suppliers, employees, family and friends—but in no case with innocent bystanders.

Finally, we must realize that we are a capitalistic free enterprise economy, where success and failure are earned—not granted or bestowed—whether by King Arthur of King Bureaucrat. If we are willing to reap the rewards of profitable enterprise, a corollary responsibility is accepting the agony of defeat. In no way can we justify shifting that responsibility to someone else.

If our planning has been deficient, our calculated risk miscalculated, our illusions of grandeur a little too grand, and our lust for growth a little arrogant—we can at least accept the responsibility for our plight. We must say, with Cassius, "The fault dear Brutus is not in the stars, but in ourselves." We got ourselves into this mess. We will get ourselves out.

Respectfully,
William J. Staley

Mr. Staley's stand against Federal aid calls to mind a lesson learned from one of his constituents by Davy Crockett during a campaign for reelection to Congress.

A violation of the Constitution, said the man, about a grant of aid to the victim of a fire. A copy of Crockett's tale, "Not Yours to Give," is available on request from The Foundation for Economic Education, Inc., Irvington-on-Hudson, N.Y. 10533.

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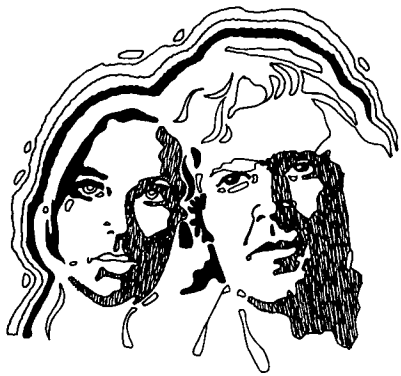
Ben Barker



the Psychology of Cultism

CULTS are not a new phenomenon: they may be as old as man—or even animal herds. Cults may form around an individual, an object, an animal, or a concept. Invariably, the members of the cult ascribe magical powers to their object of worship—powers to manipulate the environment to protect the cult members against evil spirits, the devil, natural disasters, bankruptcy, illness, or whatever.

The core concept in cultism is a followership dependent upon someone or something *outside itself* to assist it in coping with a threatening external environment. The more inadequate and inferior the follower feels himself to be, the more magical and mystical the omnipotence projected onto the leader. However, it is a mistake to focus on the leader or object of veneration. The leader is usually merely a resourceful individual perceptive enough to recognize the varied types of helplessness in those about him who offers to take away those feelings. That his offer is frequently overstated and illusory is beside the point. The point is that the followers willingly take the bait—hook, line and sinker.

Many were shocked by the submissive, dependent, compliant followers of Charles Manson who carved x's in their foreheads and chanted on the Los Angeles County Courthouse steps. They were even more shocked to learn that some men and women had brutally annihilated other human beings on Manson's satanic command. Then there were the ill-fated followers of Jim Jones whose beliefs led them to a rotting death in the steamy jungles

Along with years of experience as a hospital emergency department physician, Dr. Barker recently completed a psychiatric residency at Camarillo State Hospital in California. This article, from a speech prepared for medical staff personnel, bears a wider hearing.

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of Guyana. Numerous other examples could be cited. Where do they all come from? We shake our heads and wonder, while physicians and other societal leaders continue to reinforce exactly the type of behavior that will produce more cultists.

The Roots of Dependency

What are the roots of dependency in human behavior? The answer should be obvious. Each of us began life as a totally dependent parasite encased in a constant-temperature liquid environment with our nutritional needs satisfied effortlessly. Through some miracle, the maternal host does not set up an appropriate foreign body rejection reaction and the fetus enjoys this total dependency state for some 40-odd weeks before expulsion.[1]

It is presumptuous to assume that this experience precedes awareness. Single-cell living forms demonstrate avoidance behavior to noxious stimuli. Are they aware? If they are, then is it not reasonable to suppose the fetus to be at least as aware? For me, though, the strongest evidence that the intrauterine life is experienced as pleasurable is the sustained effort adults make to recreate a similar experience through environmental manipulation. "To be waited on hand and foot" by spouse, servant, child, and others has long been associated with "all the things money can buy."

Once expelled from the uterus, the infant must struggle to meet some of his own needs. The struggle is multi-faceted, beginning with an immature autonomic nervous system which must stabilize his internal environment in the face of a shifting external environment. Mother assists in this process by attempting through appropriate nurturing techniques to minimize the fluctuations of heat, cold, air circulation, and the like upon the infant. He remains extremely dependent upon her even though the biological umbilical cord has been ruptured. A more profound attachment persists which defies logical analysis.

In a slow, incomprehensible, years-long process, mother gradually weans the infant from his dependence on her. One of her tools is to promote his interaction with other adults, sibling and peers. Obviously, no two parents accomplish this task in exactly the same way nor do any two individuals react identically to the same stimulus. However, there *are* cultural similarities in the process which conspire to create more than surface similarities in the same generation of offspring.

Herein rests the central point of

[1] Cf. S. Ferenczi, "Stages in the Development of the Sense of Reality," *Outline of Psychoanalysis*, by J. S. Van Tesslar, page 112.

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my thesis: the cultural factors which have produced so many dependent, submissive followers among our youth are also behind the decline and fall of the United States as a force of geopolitical significance. Excessive dependency is endemic in our society and those who are in positions of power and prestige—including many in my profession—encourage and perpetuate this dependency.

An Age of Specialization

We live in an age of specialization so extreme that most of us are truly helpless outside our specialties. Our "system" thus has become an incredibly complex web of interacting specialties which provides great comfort when all is going well but reduces us to extreme helplessness in times of crisis. Examples abound: Supermarkets are very convenient unless trucks stop delivering. Automobiles are a nice way to get around unless there is no gasoline. Washing machines are dandy unless yours breaks down and the repairman has a two-week waiting list.

The trade-off in our age of technological marvels is this: We gain convenience and security but may sacrifice self-reliance and independence. For example, antibiotics are available over-the-counter in many countries and individuals are free to take the responsibility for the management of their own illnesses. But here in the United States, we do not have that freedom. In fact, patients here have been so programmed to depend upon physicians that we must take responsibility for *all* their bumps, bruises and sniffles—hardly leaving us with adequate time to care for those who truly require our skilled services.

Our cult of dependency medicine has been so successful that disenchanted followers are literally suing us out of business. They are impatient and demanding that all diseases be cured—and cured now! In turning over the responsibility for their health to us, they gave us an illusory omnipotence. Our fallibility crushes this illusion and their response is vindictive anger. Discredited cult leaders are adjudged harshly by their disappointed followers.

The Drug Cult

Perhaps the largest cult of all that our profession has had a hand in is the drug cult. By that, I don't mean the "Superfly" white El Dorado Cadillac jockey who drives his exotic automobile through Harlem or Watts nor do I refer to the Mafia Godfather, the French Connection mystery men or the Colombian cocaine millionaires. I'm talking about the "drugstore cult"—the widespread dependence of American citizens on the soothing syrups and pills available on the shelves of

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drugstores, supermarkets, newsstands and elsewhere. It is the cult that has pushed Valium into the number one all-time best-seller spot.

Our undergraduate, professional and post-graduate medical education is drug oriented and drug saturated, hence our primary weapon against illness is, of course, pharmacological. Was it not fitting and symbolic that so many at Jonestown were put out of their misery by an injection from a doctor? They trusted him to do the *right* thing.

Not only medicine but many other careers and skills have enthroned science and the scientific technique. Our educational systems perpetuate the myths of science *ad nauseam*. How much of the science and math shoved down your throats in high school, college, and medical school were really useful to you either in specialty training or in practice? Admit that much of your schooling is pure ritual and you will see that "education" itself has become a cult. College graduates enter the real world with magical expectations, waving their hard-earned degrees in the wind. When their skills are not snapped up, they are disillusioned and angry.

Schooling as Religion

In attempting to achieve power over the environment, students have literally endowed the schooling process with the status of religious veneration and plugged themselves into it. The teachers and professors are the high priests and the process is supposed to mystically and mysteriously protect the follower from risk or harm if the prescribed rituals are followed. Believe it or not, many who educate themselves into overcrowded fields simply return to school for another degree. Others of the educated cultists simply change cults.

Basically, then, we see that the psychology of cultism is simply the persistence of the parent/child relationship beyond an appropriate time. Followers or members feel helpless or overwhelmed by an environment they perceive as threatening and respond to this feeling by embracing a concept or leader to whom they ascribe magical power.

This is a sign of excessive dependency; and excessive dependency in a society can come either from inadequate parental directing toward self-reliance, individual rejection of such directing, or programming from external sources which directs towards dependency. Additionally, the environment may become truly so threatening that dependency upon an authority or higher power source may be appropriate, in war, say, or in specific subcultures as depicted in the film, "The Godfather." Modern technology also shares the guilt, for it has contrived to capture a formerly active and

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mobile social order and transformed it into a sedentary spectator society.

The principal villain in this transformation process is television. By and large, it is a dehumanization process which tends to dull the senses and produce emotional zombies who respond primarily to subliminal and repetitive advertisement slogans. What then occurs is much akin to disuse atrophy: the spirit within dwindles like melting wax and the mind dulls. The products of this process suffer endemic obesity and emotional indifference to their actual environment.

What Jim Jones and his ilk have offered to these unfortunates is an antidote to the poisonous, dehumanizing processes induced by the age of technology. Few who leap for the bait really care that the antidote itself is toxic, for what they have been experiencing is a living death and any escape hatch is acceptable, even if it leads into an endless maze. The visible result is the phenomena of cults so alive in the land today.

In a society of people programmed almost from birth to follow-the-leader, it is inevitable that some will fall into the clutches of mad leaders. That is but one of the many consequences of the loss of self-reliance and of independent judgment in American citizens. Before joining in an emotional condemnation of "cults," perhaps it would be best to understand that a cult is but a system of worship or ritual. It is a system of belief gone pathological, to be distinguished from religious beliefs which inculcate independence.

Freedom of Worship

The freedom to worship God after your own manner of belief is as valuable to the spirit of independence as is freedom of speech. These freedoms, guaranteed by the First Amendment to the Constitution, are about all we have left of the dream of the Founding Fathers and should not be carelessly dismissed.

Genuine religious beliefs have the special quality of satisfying intellectual and emotional needs simultaneously. They account for unequal life fates, promise release from illness and suffering, and offer hope for a better life. They are, indeed, a special, poorly understood, potentially adaptive set of ego defense mechanisms. Do we psychiatrists have a socially sanctioned right to intervene in religious beliefs, particularly when we know so little about the influence of religion on psychopathology?

If we deprive someone of his religion, what substitute do we have for him? And ought we to impose such a substitute? Physicians for years have ignored nutrition, exercise, and relaxation as techniques for combating or preventing illnesses. Indeed, we have ignored preventive

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medicine itself. We are, for the most part, disease-oriented high priests in a cult of science and technology which is leading us all into a fate which appears particularly unattractive. Chronic stress-related diseases plague both us and our patients (hypertension, strokes, heart attacks, colitis, ulcers, asthma, and so forth), yet we persist in disregarding the spiritual element in man and rely solely upon chemical potions and invasive techniques to combat diseases.

Perhaps God *does* exist. Perhaps He was around before Plato and Aristotle. Perhaps He spoke to Moses and Paul and many others. Perhaps His Holy Spirit *is* within each human being and resists the sadness of a mechanized, depersonalized, technological social order. Media manipulators who sensationalize the fates of unfortunate cultists cannot destroy the source of all life which beats within each of our breasts and breathes freely of the air that His plants provide.

The psychology of cultism is but one indication of an intrinsic desire in each of us to offer veneration to the Creator. This process becomes pathological only if the surrogate leader is mad, as with Jim Jones, or when the path followed leads into a blind maze, as with scientific technology. Almost every day another "accepted" scientific fact is discredited in yet another laboratory experiment. It appears, then, that science offers no final solutions or ultimate explanations. Is our own worship of the microscope and the wonders of microbiology, neurochemistry and physiology as misplaced as the blind faith that Jones's followers had in him?

Blind Departures from Basic Principles of Freedom

This nation was founded upon principles taken from the Judeo-Christian ethic and as long as these prevailed, we grew and prospered. Now, there is no prayer in the schools and unionized, socialist teachers insidiously program our youth. Mindless violence and senseless trivia beam at us from the television, our newspapers are full of lies and scantily clad females posing for underwear ads. Heroin is the opiate of the ghetto, alcohol of the middle class community, and cocaine of the wealthy. Valium, which we supply, is abused by all social classes.

We correctly perceive the sea as a dangerous, hostile environment for man and few would attempt to navigate it for any significant distance without the benefits of a buoyant and protective superstructure. What many fail to realize is that man's journey on dry land is at least as hazardous. In neglecting the spiritual aspects of our own existences, and of our patients' as well,

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we are up a creek without either boat or paddles.

Cults, worthless dollars, gasoline shortages and dependent patients are the long-term consequences of too many of us learning to rely on Big Brother. The processed foods we eat and drink are as suspect as the poisoned potion was in Guyana—it simply takes longer for them to kill us.

Erich Fromm tells us that all human beings are religious in one way or another, religion being "any system of thought and action which . . . gives the individual the frame of orientation and object of devotion he needs."[2] The psychology of cultism is all around us, as men elect to place their faith and trust in other men, their machines or their technological products.

As long as we pass on shallow values to our youth and let them see us worshipping at the altar of science, or the government, or the dollar, or gold—they will do likewise.

As long as we promote dependency in our patients, we are reinforcing the psychology of cultism. The white coat and the stethoscope are counter-productive when used as talismans in a cult of science. We should learn and teach self-reliance and preventive medicine principles, for when these attitudes and values are mixed with genuine faith in the Creator, we may return to being a nation of healthy and sane individuals rather than a society of drugged, dependent sheep and we may finally reverse the decline of the United States as a force of geopolitical significance.

[2]Ashok Rao, M.D., and Jennifer A. Katze, M.D., "The Role of Religious Belief in a Depressed Patient's Illness," *Psychiatric Opinion*, June, 1979, pp. 39-43.

IDEAS ON LIBERTY

How State Help Destroys Self-Help

IT is time to cut through the underbrush of detail and face up to the basic question in this issue of state help versus self-help. What kind of society do we want? One of independent self-reliant citizens, prepared to take care of themselves and their families, asking from the state only to leave them alone and get off their backs? Or a society of government pensioners, willing to sign away their political and economic liberty in exchange for ever bigger handouts? Which is the more desirable type of citizen—the chronic recipient of relief or the sturdy hardworking Amish farmer who had his horses confiscated and sold by order of some local bureaucrat because he wanted to contract out of both the benefits and the payments involved in the social security system?

WILLIAM HENRY CHAMBERLIN

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Melvin D. Barger

PARENT POWER: Can It Help Public Education?

THE SHORTCOMINGS of the public schools have become common news fare. The typical complaints are that the schools don't teach, students' test scores are falling, the schools are overrun with drugs and violence, and too much money is being wasted on administration and "frills." Moreover, public disenchantment with the schools is causing homeowners to vote down ordinary tax measures for school support.

Most of the proposed remedies include more Federal funds for education, better teacher training, and renewed emphasis on the basic skills of reading and writing. Now a new proposal is being heard. It's a demand for "parent power" in running the schools.

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"Parent power" is an idea that sounds logical and reasonable. It means that parents should have a voice in school policy decisions and perhaps should have something to say about curricula, choice of textbooks, and the hiring of teachers and administrators. This supposedly would make the people active participants in the educational process and might help cool the rising anger toward the schools. The parents, in sharing power over the schools, will have only themselves to blame if the schools "do not work."

Unfortunately, "parent power" appears to be another bad idea that may bring more confusion to public schooling. It's true that parents should have a strong voice in *choosing* their children's education. But parents, as a group, have no more

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competence in *running the schools* than they might be expected to exhibit in running other enterprises. It makes no more sense to involve groups of parents in the management of schools than it would to include them in the management of supermarkets, auto repair garages, clothing stores, or lumberyards.

A second problem with "parent power" is that control of public education is shifting to the professional educational establishment. While members of this group may pay lip service to the concept of parent power, they really hope to bypass parents completely in choosing educational philosophy and objectives. The professional educators in the public school system want parents as compliant allies, but not as policy-makers and directors.

The Power of the Market

There *is* an effective way of exercising parent power, however, and that is through the market place. Since there is no real "market" in public education, one has to look at commercial enterprises to see how parents and other citizens exercise proper forms of control.

With supermarkets and other retail establishments, parents have effective power of control because they possess *power of choice* in making purchases. No sensible parent, as a shopper, really cares who is chosen as manager of a local supermarket or what policies are selected in running the store. Parents, as store customers, have complete confidence that the store's management will try to provide goods and services at reasonable prices. If the store fails to do this, the customers do not solve their problem by demanding a role in the management of the store. They simply transfer their shopping to a store that they consider more satisfactory. Meanwhile, the management that failed to please them is eventually succeeded by persons who may try harder to win them back.

But imagine the chaos and confusion that might result if parents attempted to "reform" the retail establishment by joining in its management! First, there would be public meetings, often with angry declarations about the needs and rights of the people. The current managers would attempt to defend themselves and would argue that they had met most of the standards for running a business of that type. There would be demands for publicity and advertising programs, new ideas, better training of employees, and the like. Finally, committees would be appointed to "study" the store's activities and to make further recommendations. Meanwhile, the employees of the establishment would gather their forces and vow to strike if any changes were made in their current compensation and privileges.

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Under such conditions, the retail establishment would be fortunate to survive at all. Yet that's how parents and other groups try to "reform" the public schools. There is a persistent belief that something constructive is being done when people meet to discuss issues and to demand changes in the schools. The advocates of such measures are often critical of parents who refuse to become involved in these "reform" programs. Such parents are even accused of not caring about their children or of abdicating their responsibilities to the oncoming generation. If they really cared, the accusation goes, they would attend school improvement meetings or work as volunteers to help in the learning process.

Supporters and Reformers

Parent groups to "reform" the schools often fall into two categories. In one category are the conciliatory people who usually support worthwhile community and church projects. The administrators and teachers easily manage to win these people over and to put them to work in various "school improvement" activities. These people will help the schools with private fund-raising campaigns, athletic programs, and special development projects. Without realizing it, they are subsidizing the public school system with labor and services that otherwise would have to be supplied by all the taxpayers.

There is another category of parents that employs abrasive, adversary tactics to "change" the schools. This group is made up of punitive, critical people who believe that other people need constant intimidation and harassment in order to do their duty. They like to "shake up the schools" and to "make demands," using the tactics of labor organizers and radical demonstrators. As a rule, their abrasive tactics do succeed in forcing through certain changes in school policies, so they mistakenly believe that they have successfully exercised "parent power." All they've done, however, is to impose their own views and values on parts of a public system, often without the consent of others who also support the schools.

It is true that good parenting includes a strong interest in children's education. Many parents, in fact, are so critical of public education that they have transferred their children to private schools or have made special arrangements with tutors to offer what the public system fails to supply. If parents really were as unconcerned about education as they are accused of being, they would not have become so critical of public education.

But the parents who refuse to participate in "parent power" programs

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may have sensed that it is a futile exercise. The public education system—which really should be called the "government" education system—is not likely to become more efficient in the future, even with more funds and more groups taking an interest in its operations. In fact, parents will be very fortunate if the public school system does not slide into deeper difficulties.

Schools Are Sacred

One problem with efforts to "reform" education is that the public school has occupied a sacred niche in the national consciousness. It is the free public school, so the argument goes, that has given everybody a basic level of literacy, taught democracy and equality to our society, and brought together the various classes. The person who would dare tamper with the public school risks being labeled a "closet fascist" who would rob the ordinary person of his right to an education. It is considered wrong and antidemocratic to look upon education as a commodity or to suggest that schools should operate with the efficiency of supermarkets.

This "sacred" status of public education grows out of our feeling for our children. A defender of the public system can throw us off balance immediately by reminding us of "our children's future" or "the right of every child to a decent chance in life." Speaking before an educational reform group, an educator carefully explained that one "must view every child as a person of infinite value." This immediately implies, of course, that it's wrong even to mention such matters as cost-efficiency and limited budgets for public school systems.

This special, sacred status of the public school helps confuse parents when they're meeting with educators and others to discuss the schools. It helps close off discussion of issues that ought to be raised. It helps perpetuate the belief that the schools really are serving society with considerable efficiency and need only more money and more public support to do the job that ought to be done. The people who run the system manage to assume the role of public benefactors while outside critics—even when they are parents—are cast as enemies of the children.

Closely related to the "sacred" status of the public school is the power of the professional educational establishment. This group now controls the public schools and makes most of the decisions about curricula, education policy, and standards. Some members of the educational establishment may call for "parent power," but they do not want parents to exercise any *real* power in deciding how schools should be run. They want parents to

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participate in ways that will create the *illusion* of power. In any showdown, however, effective decision-making power always will be exercised by professional educators, not parents.

The "Professionals"

Who are the members of the professional educational establishment? The teachers are the most visible group, of course, and they have organized into powerful unions which have become influential with Congress and state legislatures. However, the professional educators also include administrators, counselors, and people who create and market teaching systems and aids. Education also supports a large group of professionals who write and publish textbooks. The group must include, too, a large number of lecturers and consultants who participate in seminars and other education-related activities. Finally, the establishment is influenced by people who want to use public education as an instrument for social change and social engineering.

Most of these groups want parents only as their allies and assistants. Professional educators tend to view parents as a somewhat conservative group that can become troublesome and must be dealt with in a tactful manner. The long-term goal of most professional educators, however, is to bypass parents by becoming independent of local voters and school boards. This can be done by centralizing all power over education at the state and Federal levels. Teachers' unions and other professional educational groups already are making considerable progress in reaching this goal.

Still another problem is that parents are not really in agreement about the goals of public education. Since the public schools have many constituencies, it is virtually impossible to meet the demands of all groups in a society that has become badly fragmented. For example, some groups of parents may demand that the schools require specific standards for graduation from high school and admission to state colleges. Other groups of parents, however, may insist that standards are harmful to them and will demand open admission to the state schools. There is really no way that all of the parents can have "their way."

Finally, most parents who try to improve public education will soon find themselves blocked by bureaucratic processes and political realities. Like most public institutions, the schools are bureaucracies established for specific public purposes. While it makes good political sense to portray the schools as being in everybody's service and "owned by all of us," the public schools would not exist at all without a

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great deal of coercion and compulsion. For example, taxes to support the schools are taken from everybody, whether or not they receive any direct benefit in education. Compulsory standards are established by state boards and other agencies. Students are compelled to attend the schools in most states and, increasingly, the school administrators are required to retain students in classes even when they are disruptive and rebellious. Meanwhile, the proponents of various causes campaign endlessly to make certain subjects "compulsory" in the schools. It is doubtful that groups of parents would behave differently; indeed, in some communities parents have attempted to exercise power by making their own religious and social views "compulsory" in the local schools.

Still, even if parents were united in their views and the professional establishment really sought their participation, it's doubtful that an exercise of "parent power" would improve the schools. The professional educators may be self-aggrandizing and self-righteous, but they are at least correct in saying that schools should be run by professionals. As a group, parents can only be expected to be amateur managers, and they could even make the schools less effective if they attempted to take charge of them.

How, then, should "parent power" really be exercised? What is needed is a *free market* in education. If such a market place existed, parents could exercise control by *the power of choice*. They would tend to seek out the schools that would best serve their children's needs (as determined by the parents) and they would shun the schools that did not serve them. In other words, parents would shop for education in the same way they now shop for food: by seeking out the supermarkets that offer them the best commodities at the most attractive prices.

It is argued that this is elitist and antidemocratic. But that argument exists only because the public school has so thoroughly dominated education that other forms of educational services haven't been tried to any great extent. However, the parochial schools have been operated with great success, and without becoming either elitist or antidemocratic. Now we are witnessing the rapid growth of evangelical Christian high schools which often enroll *paying* students from moderate income families. Even with public education available at no direct cost to the student, average citizens are turning from the public schools and choosing private institutions at rates which take large amounts of the family budget. One can only speculate about the types of schools that might be established if everybody had to contract for his own

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children's education. Nobody really knows how this would work because it hasn't been tried.

Parental Neglect

It also is argued that some parents would not send their children to school at all if there were no public system. Some children would be allowed to grow up illiterate. This is probably true, although the public system has not succeeded in wiping out illiteracy in the United States. The real problem, in such cases, is parental neglect, and the public school system has no special capacity for dealing with such neglect.

Another argument is that education is too important and too special to be treated as a "commodity." A child's education is too precious to carry an ordinary price tag. Who can place a value on the education that may help produce a future Einstein? Education, it is argued, cannot be packaged and delivered like cans of food in a supermarket.

The fact is, parents can and should judge their children's educations by the standards of the market place. This is the efficient way to determine what types of education should be offered and how it should be delivered. In making such determinations, parents would have many things in mind, including the probable economic benefits of children's education. A market place in education would also reward the more efficient school (and teachers) and would punish the poor schools.

What about the potentially brilliant scholar who might have been born into a poor family or into a family that is indifferent to his educational needs? One of the shortcomings of the public school system is that it sometimes mistreats or ignores the gifted child. However, society can provide for the gifted person simply by changing its views on education. Quite often, the brilliant person is capable of acquiring his own education and does indeed obtain it without completing high school or college. The handicap, if there is any, is in not having *educational credentials*. This can be overcome simply by eliminating diplomas and degrees as requirements for professional work.

Another criticism of a free market in education is that it would tend to become largely *vocational*. Most parents would simply educate their children for trades and careers. The traditional courses in history, languages, and social sciences would be largely neglected. Moreover, this vocational education would become obsolete in a few years and students would be left with nothing.

Nobody can really know what kinds of education parents would select if they had to choose it and also to pay directly for it. However, parents already spend money for training and education that have

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nothing to do with vocational programs. For example, many parents send their children to private music and art classes without expecting them to become professional musicians or commercial artists. Parents do have considerable interest in helping their children obtain what is called a "well-rounded" education.

Some people have argued that a "voucher" system would help create a market in education. Under this system, families would receive vouchers for educational services which could be used at any accredited school. Milton Friedman, a staunch supporter of voucher programs, believes that this system would help improve public education and that both parents and students would shun the poor schools or the ones that could not maintain order.

A voucher method might be slightly better than the present system of supporting schools. It is not, however, a "free market" approach to education. It is still a form of government education, with the student receiving the subsidy rather than the tax money being sent directly to the school. Government and political factions would still use it to control the schools and to impose their own standards on "accredited" institutions. The voucher system also has the drawback of being a "third party" payment. The student or his family can "spend" the voucher only for education and do not necessarily "value" it to any great extent. But the family that directly spends its own income for education is showing considerable value preference.

There is currently no widespread movement to give parents more power over the schools by releasing education to the free market. But a quiet revolution appears to be taking place in the attitude of the public toward education. In the past 15 years, private and parochial secondary schools have been gaining ground steadily, while many public school systems that were once considered exemplary have become troubled and ineffective. The growth of the private secondary schools is astonishing in view of the fact that students have the option of attending public schools without paying tuition. It's as if the government built free cars for everybody and still lost business to private producers who charged full market prices. This growth of private education must be embarrassing to the public educational system, and it is certain to raise future suggestions about the feasibility of a private system for everybody.

When that time comes, "parent power" may become more effective in controlling education. Right now, it does keep supermarket operators on their toes without requiring parents to become supermarket managers in the process!

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Earl Zarbin

FREE ENTERPRISERS ALL

PEOPLE using the words "free enterprise" usually associate them with business. So, too, does *Webster's Seventh New Collegiate Dictionary,* which starts its definition this way: "freedom of private *business* to organize and operate for a profit . . ." (emphasis added).

This part of the definition is too narrow for two related reasons: First, it says nothing about the freedom of *individuals* to organize and operate for a profit; and second, it ignores that businesses are made up of individuals, which must be said because too many of us have come to depersonalize business in the same way we do government.

We speak of business and government as doing this or that as though they have lives of their own independent of and apart from human action.

Many people have come to regard government as omniscient and believe it should regulate business. They want business regulated for a variety of reasons, but I suspect the most common are to hold down prices and to repress competition.

Government regulation, of course, doesn't just happen. It is people—politicians and bureaucrats—consciously deciding to interfere in the relationships individuals develop with one another to satisfy wants and needs.

The regulators appear on the scene out of their own conceptions of what constitutes justice and injustice and in response to demands by groups whose favor they curry.

The destructive results of political

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interference in the marketplace are all about us. Yet, all about us, too, are continuing technological advances, and signs of wealth and prosperity.

The fear—and I think it is very real—is that people will mistake these material innovations and monuments as evidence that free enterprise is well and thriving.

Rather, I see these as demonstrating that private individuals intent on improving their own conditions are more creative than the misanthropes who have done their best to regulate us. It seems predictable that the regulators will someday catch up and succeed in creating total chaos because they have means—coercive authority—unavailable (and, indeed, undesirable) to individuals (beyond self-protection, including defense of property).

Even then, creativeness will not be fully stifled, because individuality and the drive of people to improve themselves and their conditions will not abate.

The evidence is ample that under the meanest and severest conditions, individuals will organize and operate to improve their circumstances. They need not be instructed or directed in this. They do this out of the most basic drive—survival.

Thus, free enterprise, or enterprise, is nothing more than unhampered individuals doing what is necessary to maintain their lives and health. Whatever they do to accomplish this, so long as it is peaceful, is appropriate.

It is observable that, once people are capable of meeting basic needs, they will turn to an unknown and unimagined number of ways to effect entrepreneurial exchanges. In this respect, their activities may be identified as being both self-choosing (free) and self-organizing and self-operating (enterprise).

In essence, all of them, whether identified as employee, employer, or self-employed, are free enterprisers and are in the business of improving their own lots.

It is arbitrary, and imprecise, though perhaps convenient, to confine the term free enterprise to business. But it ignores that every productive person is engaged in business. It is simply that most people, for an unknown number of reasons and causes, have not organized and operated in business in the sense of being a partnership, corporation, or individually owned company.

Because many people do not organize and operate in the "conventional" business sense, this in no way diminishes their participation in free enterprise.

For example, throughout my working years I have sold my ability as a researcher, writer, and editor to others. These others have relied on my willingness to produce, just as I

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have depended upon them to meet commitments made to me to induce me to accept employment.

I regard my employment as a partnership. My well-being, the well-being of those with and for whom I have worked, have been mutually dependent. There is not a single nongovernmental enterprise that could not be put out of business in short order if the people working in it withdrew their labor.

At any time, even now, I could withdraw my labor and organize and operate myself as a "business." But my business would be no different than it is today so long as I didn't change my occupation. My becoming and remaining self-employed would depend, of course, upon consumer demand and satisfactory service. But this should ever be the way of the unhampered market.

Entry into the market should be uninhibited. Sellers—and all who work are sellers of their time and abilities—remain sellers just so long as what they have to offer is demanded. When auto sales decline, car makers lay off workers. The same can occur in any nongovernment business, industry, or profession.

Free enterprise, then, is the freedom of individuals to organize and operate for profit singly, in partnership, or however else they care to come together. The individual has as much right to think of himself as being a businessman, or being in business, as persons usually identified as being in "business."

Serving Others

IDEAS ON LIBERTY

In a free country such as ours, laws aren't designed to apply to specific individuals but to all of us equally. If we attempt to legislate against the particular man who squanders his wealth on riotous living and idle and nonproductive pleasures, we also automatically legislate against the overwhelming majority of the persons who use their wealth wisely for the benefit of all.

Personally, I can see nothing wrong or evil about self-interest and serving others because you have to have them serve you in turn. Like anything else, the profit motive and the resulting accumulation of wealth can also be used for evil purposes by evil people. But by and large, the motivation of profit is primarily responsible for the vast amount of mutual service we find among us today. It is responsible for the constantly increasing standard of living in our country and the world in general. It is a moral method of encouraging all of us to serve each other better and effectively.

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Jarret B. Wollstein

The Idea of Equality

It is doubtful if any social concept in the entire history of man has been more fervently championed, more fiercely denounced, more misunderstood, more poorly defined, or more misrepresented than the idea of equality.

Many Christians proclaim all men "equal in the eyes of God." The United States was founded on the principle of "equality of rights." The basis of modern Western jurisprudence is "equality before the law." The rallying cry of the French Revolution was "Liberty, Equality, Fraternity." A central goal of communism and socialism is "economic equality." The American Civil Rights Movement seeks "equality of opportunity." And the modern women's movement champions "equal rights for women" and "equal pay for equal work."

While the meaning and compatibility of this multitude of "equalities" is far from clear, it is obvious that they do not all mean the same thing. Just what *does* equality mean?

What is Equality?

For two things to be equal means for them to be identical in some respect. Thus if two trees are both precisely 6 feet tall, they are equal in height. If two men both earn precisely $9,500 a year, they are equal in income. And if two people both have the same chance of winning a lottery, they have (in that respect) equality of opportunity.

However, while two things may be identical with respect to one or a limited number of attributes, no two physical objects can ever be identical with respect to *all* attributes. For example, all atoms differ in position, direction and history. And all human beings differ with respect to anatomy, biochemistry, temperament, knowledge, skills, goals, virtue and a thousand other characteristics.

Here we will primarily be concerned with three types of equality:

1. *Political equality,* a major goal of

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both the American and French revolutions, has *traditionally* meant equality of individual rights and equality of liberty. Stated simply, political equality means that the individual's right to life, liberty and property is respected and that government abstains from conferring any special advantage or inflicting any special harm upon one individual (or group) in distinction to another. Clearly, political equality is at best only approximated and never exists completely.

2. *Economic equality* means in essence that people have the same income or total wealth.

3. *Social equality* generally means either (a) equality of social status, (b) equality of opportunity, or (c) equality of treatment. Social equality is also increasingly coming to mean (d) equality of achievement.

Equality and Liberty

A little reflection will quickly demonstrate that economic and social equality can only be achieved at the expense of political equality. Because people differ in ability, drive, intelligence, strength and many other attributes it follows that, with liberty, people also will differ in achievement, status, income and wealth. A talented singer will command a higher income than a ditchdigger. A frugal, hardworking man generally will accumulate more wealth than an indolent spendthrift. A brilliant scientist will command more respect than a skid row bum.

Nor are all of these differences of social and economic achievement the result of environment. Because people are individuals—genetically, biochemically, anatomically and neurologically—differences in strength, intelligence, aggressiveness and other traits will always exist. While environmental factors can and do exaggerate physical and mental differences between people, diversity and non-equality remain the natural biological order and hence are the natural social and economic order.

There is only one way to make all people even approximately economically or socially equal, and that is through the forcible redistribution of wealth and the legal prohibition of social distinction.

As Dr. Robert Nozick, of the Harvard Philosophy Department, has pointed out in *Anarchy, State and Utopia,* economic equality requires a continuous and unending series of government interventions into private transactions. Even if people's incomes are made equal once, they will quickly become unequal if they have the liberty to spend their own money. For example, many more people will choose to pay $10 to hear Linda Ronstadt sing than will pay $10 to hear me sing, and Linda Ronstadt will very quickly become far wealthier than I am.

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Economic equality can thus only be maintained by totalitarian control of people's lives, and the substitution of the decisions of a handful of state authorities for the free choices of millions of men and women.

Political equality is fundamentally inimical to economic and social equality. Free men are not economically equal, and economically equal men are not free. Because the achievement of social and economic equality inherently requires the forcible interference with voluntary choice, I will subsequently refer to the doctrine that social or economic equality should be imposed upon a society as *coercive egalitarianism.*

Equality as an Ethical Ideal

In reality people are unequal: Americans are—on average—far wealthier than Russians, doctors tend to earn more than garbage collectors, and so on. But *should* people be unequal?

At its root, egalitarianism is an ethical doctrine. It is often asserted that "ethics is just a matter of opinion" and that "one moral system is just as good as any other." But in fact any ethical code can be judged by at least three critera: *(1) is it logical*—have the basic concepts of the doctrine been meaningfully defined and are the arguments for it valid; *(2) is it realistic*—is it a doctrine which human beings can live by, or does it require that people act in a way which is fundamentally contrary to their nature; and *(3) is it desirable*—are the consequences of adopting the doctrine what are claimed, or would they be something entirely different; and if people adopt this doctrine will it lead to the creation of a society in which they are happy and fulfilled, or will it lead to a society of hopelessness, repression and despair?

Let us now apply these criteria to the doctrine of coercive egalitarianism.

1. Is coercive egalitarianism logical? Egalitarianism states that all people should be equal, but few coercive egalitarians define "equality."

As stated previously, *complete* equality between people is an impossibility, so it can be rejected at once. But we are hardly better off when we speak of social or economic equality. Does "economic equality" mean equal income at a given age, for a given job, for a certain amount of work, or for a particular occupation? Does "equal wealth" mean identical possessions, possessions of identical value, or something entirely different? Does "social equality" mean equal status, equal popularity, equal opportunity, equal treatment, or what? All of these concepts of economic and social equality are distinctly different, and until they are defined, the doctrine of egalitarianism is illogical.

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2. Is coercive egalitarianism realistic? People are different and have different values. To some happiness requires many material possessions, to others material possessions are relatively unimportant. To some people intelligence is a great value, to others strength or beauty are far more important. Because people differ both in their own characteristics and in the way in which they value traits in others, people will naturally discriminate in favor of some persons and against others.

Since variety and distinction are natural parts of the human condition, by demanding that people abandon such distinctions, coercive egalitarianism is contrary to human nature.

3. Is coercive egalitarianism desirable? Coercive egalitarianism, the doctrine of complete social and economic equality of human beings, logically implies a world of identical, faceless, interchangeable people. Such a world sounds much more like a nightmare than a dream, and indeed it is.

Perhaps no nation on earth has come closer to complete economic and social equality than Pol Pot's Cambodia. Under Pol Pot's regime entire populations were forcibly marched out of cities and everyone, regardless of age, sex, skills or previous social status, was forced to labor with primitive agricultural implements on collective farms. In Pol Pot's Cambodia, everyone had to think, work and believe the same; dissenters were killed on the spot.

In northern Cambodia stands the remains of one of Pol Pot's "model villages." The houses are neat, clean and completely identical. Nearby sits a mass open grave with hundreds of human skeletons—the pitiful remains of those who displayed the slightest individuality. The village and mass grave are a fitting symbol of the fruits of coercive egalitarianism.

While coercive egalitarianism masquerades as an ethical doctrine, in fact it is the opposite. Ethics presumes that one can make a distinction between right and wrong for human beings. But coercive egalitarianism demands that we treat people equally, regardless of their differences, including differences in virtue. To demand that virtuous and villainous people—for example, Thomas Edison and Charles Manson—be treated equally, is to make ethical distinction impossible *in principle.*

In summary, coercive egalitarianism is illogical because it never defines precisely what "equality" consists of; it is unrealistic because it requires that we deny our values; and it is undesirable because it ultimately requires a society of human insects.

While coercive egalitarianism

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fails as an ethical doctrine, many contentions based upon coercive egalitarianism nevertheless remain emotionally compelling to many people. Let us now examine some of those contentions.

Myths of Egalitarianism

1. Social and economic inequality are a result of coercion, an accident of birth, or unfair advantage. Let us consider these contentions one at a time.

It is certainly true that *some* inequality is a result of coercion in such forms as conquest, theft, confiscatory taxes or political power. But it is hardly true that all inequality is a result of coercion. A person can, after all, become wealthy or popular because he or she is highly talented or extremely inventive, and talent and invention coerce no one.

Being born wealthy certainly constitutes an advantage, but hardly an insurmountable or unfair one. Sociological studies in the United States and Europe show tremendous mobility between lower, middle and upper classes, despite advantages and disadvantages of birth. Except for all but the greatest fortunes, one's parents' wealth and success are no guarantee of one's own wealth or success. And there is nothing immoral about helping out one's own children as much as possible. Such aid takes away nothing to which anyone else is entitled.

Last, there is the argument that being born with below average intelligence, or strength, or attractiveness constitutes an "unfair disadvantage." Here egalitarianism reveals itself to be (in the words of Dr. Murray Rothbard) "a revolt against nature." We can either act rationally and rejoice in our diversity and make the most of the abilities we do have, or we can damn nature and hate everyone who is in any way better than we are and attempt to drag them down to our level. I leave it to you which is the more rational and humane policy.

2. If people would only share the world's bounty equally, there would be enough for everyone, and no one need starve or be seriously deprived. This contention is based upon two false assumptions: (a) that wealth is a natural resource, so one person's gain is another's loss; and (b) that if the world's wealth were equally redistributed it would remain constant.

Wealth in fact is a product of human productivity and invention. Some people are poor *not* because others are wealthy, but because the poor are insufficiently productive (often because of authoritarian political systems).

Any attempt to redistribute the world's wealth by force would also greatly diminish the total wealth in existence for at least three reasons: (a) large scale redistribution would

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disrupt the world's productive machinery, (b) confiscation of wealth would destroy the incentive to produce more (why bother producing if it's going to be taken from you anyway), and (c) the process of redistribution would require an enormously costly and essentially parasitic bureaucracy. (Not to mention losses from shooting people who resist, and starvation from bureaucratic inefficiency and mistakes.)

The cure for poverty is more productivity, less state economic intervention, and an end to barriers to trade. The cure is not redistribution of wealth.

3. It is better that everyone be poor than for some to have more than others. Better for whom? For the middle class and wealthy stripped of their property? For the poor robbed of the possibility of ever improving their lot?

The production and accumulation of wealth is the benchmark of human progress. Wealth in the form of better communications systems, environmental control, pest control, improved transportation, better medical care, more durable and attractive clothing, more comfortable housing and so on, *ad infinitum,* improves the quality and increases the quantity of human life and makes possible leisure, science and art. To attack wealth is to attack an essential condition for the achievement of virtually every human value from the fulfillment of physiological needs, to safety, to the pursuit of beauty and truth.

This argument reveals the ultimate and ugly motive of many egalitarians: A hatred of human ability per se. By that hatred they betray their human heritage and would condemn men to exist at the level of barbarians.

Free and Unequal vs. Coercive Egalitarianism

Equality of rights and equality under the law are preconditions for any just and humane society. But such political equality is the very antithesis of coercive egalitarianism.

Coercive egalitarianism asserts that people ought to be made equal *by force,* and that ability and virtue should be ignored or punished to bring all people down to the lowest common denominator.

The disabilities of others should evoke our compassion. But those disabilities do not justify the forced looting of the productive or the obliteration of liberty in the name of some undefined concept of equality.

The natural order of human society is diversity, variety and inequality. The fruits of that natural order are progress, productivity and invention. In the final analysis, virtue and compassion can only flourish in a world of men and women free and unequal.

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William L. Baker

Frederic Bastiat: Harmonious Warrior

Ah! whenever you come to pronounce these words, I BELIEVE you will be anxious to propagate your creed, and the social problem will soon be resolved, for let them say what they will it is not of difficult solution. Men's interests are harmonious, —the solution then lies entirely in this one word—LIBERTY.

—Frederic Bastiat
Harmonies of Political Economy

* * *

LIKE a twisting, writhing snake, the Nive River cuts its tortuous descent down the treacherous northern slopes of the icy Pyrenees. It is a brutal course strewn with boulders. This is Basque country, home of picturesque, red-tiled villages and sturdy, independent mountainfolk. About four miles distant from the Bay of Biscay the Nive merges with the Adour. Complacently perched upon the confluence of these rivers lies the medieval city of Bayonne. It is said that the bayonet originated here either in the 1490s or the 1650s. No one is really quite sure which. Napoleon once met with the emperor of Spain here. In fact, it was in Bayonne that he chose to force the abdication of Ferdinand VII in favor of the coronation of his own brother, Joseph Bonaparte. Other than that, history has seemed fairly content more or less to ignore Bayonne and its robust inhabitants.

The modern traveler who jets in from Paris or who motors down from Bordeaux understandably prefers to vacation in nearby Biarritz, a fashionable spa featuring beaches, golf courses, horse racing, and casinos. It is only the occasional tourist who makes his way to Bayonne to "see the sights": a

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museum, an arsenal, a fortress. Tucked quietly away and isolated from the mainstream of French political and intellectual life to be found in the major metropolitan areas, Bayonne has seen little of and contributed even less to the rough-and-tumble world of Gallican intrigue and the ineffable ferment of bold, innovative ideas.

In 1801, however, there was born to the Bastiats of Bayonne an infant who would prove no stranger to the world of ideas. Frederic (for so the youth was named) fell early prey to the seductive lure of language, literature, and the humanities. Certain it was that he read and absorbed the works of the classical economists; Smith, Malthus, Ricardo, Say: all left their mark upon him in one way or the other. And Cobden, the political practitioner of the Economists, proved an able light to the eager mind across the Channel.*

An Ordered Universe of Majestic Harmony

Like Pythagoras before him, Bastiat saw in the world a "majestic harmony," a divine clockwork—not the Pythagorean divinity of numerical sequence and mathematical structure, but a somewhat Newtonian beauty and order of "natural law" which channeled all "legitimate" actions into industrious, harmonious endeavor. These actions of productive men of goodwill, spurred by greed and enlightened self-interest, would be guided (in the terminology of Adam Smith) by an unseen or "invisible hand" to the unquestionable welfare of the commonwealth.

The marketplace, unhindered by counterproductive restraints and heavy-handed bureaucrats, was Bastiat's ideal. The bloody rebellions and palace revolts that rocked European society during the 1840s produced in him no illusions, no furtive hopes for a better world; armies and gunplay were unacceptable answers to the stirrings of popular discontent. In Bastiat's mind there would be little use for barricades and power plays if only man worked in harmony with his colleagues. He believed that the market economy produced (and derived from) that essential goodwill between man and his fellow citizens.

An armed rebellion could never really be anything more than a substitution of one despotism for another. What was really needed was a radical alteration in the way people thought. As long as government was regarded as merely an

*Most strictly biographical information on Bastiat in this paper derives from the excellent 1860 "Notice of the Life and Writings of the Author" by Patrick James Sterling, F.R.S.E. prefaced in Frederic Bastiat, *Harmonies of Political Economy* (London: John Murray, 1860), ix-xl.

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instrument for seizing the rewards and production of one's fellowman, then war and rebellion were all but inevitable, inherent defects of the establishment.

Issues Examined

Bastiat's life was one of struggle and intellectual combat. He was a prodigious pamphleteer, hurling epithets, anathemas, rebukes at his ideological foes. For Bastiat was a shameless popularizer dedicated to the eccentric notion that the commoner had the intelligence to understand the economic doctrines so hotly debated in the legislative halls of his day. Bastiat merely stripped them of the technocratic jargon, the intellectual pretense in which they had been for so long disguised.

Bastiat dreamed of producing a book which would present his philosophy as a unified, harmonious whole. In this he was not quite successful. He died before the work had been entirely finished. The ideological passions which hounded him, the disease which eventually killed him, spurred him to superhuman lengths. But when Bastiat finally succumbed, the *Harmonies* was woefully incomplete. Bastiat's literary remains have provoked endless debate, attracted numerous followers, and generated significant esteem among latter-day conservatives and libertarians. Of all his literary efforts, Bastiat treasured most highly his stoically written *Harmonies.*

The first ten chapters of the *Harmonies* are all that appeared during the lifetime of the author. Bastiat had intended to expand and revise his work before death intervened in 1850. In it, Bastiat laid his foundation by classifying the "mechanism of society" into "natural" organization on the one hand and "artificial" organization on the other.

Within this taxonomy, the "natural organization" of society is predicated upon the "natural laws" of the marketplace. The "artificial organization" of the "social mechanism" is the restriction of nature's general laws by the intrusion of man-made law. This unnatural defiance of nature and its laws was bound to have adverse effects, Bastiat contended. The harmony inherent within a market society based upon a division of labor would, of necessity, be rendered impotent by the interference of "artificial" regulation.

Did man wish a favor of his fellow? Did he desire a change in the *status quo*? Then what recourse is available? Bastiat noted two: persuasion or the use of authoritarian force. And no amount of camouflage could obscure from Bastiat that law, whether legislated or decreed, was nothing else, in the final analysis, but raw, naked force masquerading under the cloak of respectability.

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Legislation, he seems to tell us, is a weapon to which we ought to resort much less frequently.

Self-Interest at Work

Personal interest, long an anathema of the socialists and the cafe intellectuals, was, to Bastiat, the "mainspring of human society." But as expressed in the competition of the marketplace under the division of labor, cold necessity demands work, production, and want-satisfaction which all neatly coalesce and dovetail in social harmony. Few rules, no elaborate Utopias are necessary. Self-interest impels each to serve his fellowman.

Bastiat recognized two essential possibilities regarding human interaction. One was force and plunder; the other was peace and trade. Exchange was the basis of all society. It is dependent upon peaceful intentions. On the other hand, if society regards exchange, that uniquely human activity, with suspicion and disdain, then there is nothing left but plunder and fratricidal strife. Exchange is "natural"; it develops of itself. Whenever it becomes more onerous than useful, it will stop "naturally" because it will be in the interest of people to discontinue harmful practices.

Bastiat was particularly incensed by the various Utopian schemes of his day. Individually and collectively, Bastiat arraigned the promulgators of "primitive Equality" and took them to task for the unworkable communities which they prescribed as the remedy of erring man's social ills. Considerant, Louis Blanc, Cabet—were each in his turn subject to the ruthless scrutiny of Bastiat's withering analytic logic.

Utopian paradigms had no place in Bastiat's philosophy. In his own words:

> Men of property and leisure!—whatever be your rank in the social scale, whatever step of the social ladder you may have reached by dint of activity, probity, order, and economy—whence come the fears which have seized upon you? The perfumed but poisoned breath of Utopia menaces your existence. (*Harmonies,* p. 189)

Property Defended

Property was not, as the socialists and communists tended to believe, heartless theft. Landowners are not reckless malefactors who have maliciously intercepted the benefits of nature intended for the equal use of all men. They are not, Bastiat insisted, usurpers from whom restitution is due. Guided by selfish ambition and greed, men of property are (perhaps unwittingly) necessary instruments in the hands of Providence for the distribution of the "useful effects" which they had often obtained at the mere whim of nature.

To the poor, to the "men of toil and

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privations," he declared that all wealth, no matter in whose hands, inclines to the amelioration of all. No step of progress can be made but that each does not share in some small way. This the Divine Architect Himself, in the skillful arrangement of "the order of things," has so decreed. And to attack this providentially cerebrated order, to assault it in any way, is not merely homicide, but suicide. Individual property is the underpinning of civilization (and thus the division of labor) itself.

To the men of philanthropy and "defenders of the suffering classes" Bastiat warned against the unwisdom of impugning all "received wisdom" and unsettling all established interests. What would become of human liberty if "artificial" or Utopian schemes were adopted and executed according to plan? In fact, does God want for wisdom and insight? Does Providence need you (Bastiat queried the reformers) to accomplish His sacred purposes? God does not trust to the communalistic craftiness of collectivist philosophers but to the principle of enlightened self-interest. This, and only this, is what accounts for civilization, productivity, community.

It is therefore fitting, Bastiat reasoned, that men's interests are indeed harmonious, provided, of course, that "right prevail." And right can only prevail if services are freely and voluntarily exchanged, removed from the fear of confiscation and seizure. It is in this principle, then, that all proprietors (including the worker who is after all, "proprietor" of his own labor) and reformers of all schools ought to unite. If all men have the full right to their own services produced by their own labor (or that of their benefactors), then there can no longer be any question whatever of a collective right to education, employment, credit, or assistance.

To Bastiat there could not be any thought of "community" under communism. Community cannot exist under communism because the otherwise natural harmony of man is disrupted in a society of seizure by the arbitrary substitution of forcibly imposed political will for liberty and freedom. Such a community is at perpetual war with itself, a festering carcass of running sores, contagiously dangerous. Partisanship, not harmony, is its predictable legacy.

The Free Market

The only legitimate and feasible form of human interaction was *laissez faire*. It angered and exasperated Bastiat that the socialist had been thus far successful in tarring the market society with onerous and unpalatable insinuations. Liberty does not lead to monopoly, Bastiat argued. *Laissez faire* society is not

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really the questionable collection of heartless felons and odious parasites portrayed by unthinking propagandists. Indeed, it is only in a society which has as its chief value property that "community" is at all possible. And all this, Considerant, Cabet, and Louis Blanc notwithstanding.

It bears noting that practically all Utopian schemes put into practice during the nineteenth century failed. Mostly they foundered upon the same rock which Bastiat had observed: that individual men have individual minds and individual wills of their own, deeply rooted in self-interest. When the Utopian communities were erected, they seldom lasted very long. Bickering over tasks, hours, and remuneration took its toll in these authoritarian hamlets. Even the so-called libertarian or anarchist Utopias dedicated to collectivist theory rarely endured beyond a few agonizing years.

What is one to think of the *Harmonies*? Bastiat generously invoked the Deity a trifle too often for scientific and analytical comfort. It was God who gave man his materials, talents, wants, desires, and values. God fashioned the conditions and laws by which man lived. Bastiat relied too heavily on such enlightenment concepts as "natural law," rarely bothering to pause and define his terms. One might, like Schumpeter, be tempted to write Bastiat off, dismissing him as little more than a popular journalist passionately wedded to the elucidation of a technical subject beyond his ken. Blunders, contradictions, naive indiscretions—they are all there in full force lurking implicitly in the brashest terminology.

Yet. And yet. It is hard to fault an author, and an iconoclast at that, for adhering to *some* of the ideologies, ambiguities, and methodologies of his own day. It would be unduly harsh rigorously to insist that Bastiat be judged solely (if at all) by the criteria of the irreverent twentieth century.

Individual Sovereignty

It is perhaps enough to acknowledge his unwavering intellectual and moral support of the sovereign individual in an age of growing governmental paternalism. In Bastiat's own mind the germ of all "social harmonies" was included in two principles: liberty and property. The fratricidal strife, the domestic rivalry which characterized the "socialist commonwealth" was the civil dissonance inspired by statist "spoliation" and political oppression. There is no justice but the prevention of injustice, he averred; anything more or less than this cometh of evil.

The great tragedy of Frederic Bastiat was the genius that permitted him a glimpse of the work yet to be

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done, and then, shown the glimmer of the Promised Land, denied entry. Crushed by the "mass of harmonies" that struggled for expression in his illimitable prose, the dying Bastiat had to content himself with the bitter bread of what might have been. It was cold comfort. The intelligence which allowed him the vision also permitted him the realization that his death could not be much longer evaded. He was possessed by the driving necessity to complete his work. The *Harmonies* was at once fiend and ideal; perhaps in the end it even destroyed him.

Much work yet remained. A study of man was needed, he felt, then an investigation of economics, then . . . then there was no longer any time. He had wanted to paint a picture; he succeeded only in penciling a sketch. But what a sketch it was!

By 1850 Bastiat knew he had little left. His breath came in tortured, painful gasps, and he could only with great difficulty force anything down his constricted throat. He battled valiantly to finish the *Harmonies* but his good moments were now few and far between. These last days were filled with futile flight, searching for the right climate, the right resort, the right location, the elusive panacea that would restore his drained and pallid vitality.

Perhaps, thought his physicians, the fabled waters of the Pyrenees would do him some good. When that failed, he withdrew to Pisa in a desperate attempt to bolster his sagging health. But he fared no better there than in the Pyrenees. Mustering his ebbing reserves he journeyed to The Eternal City. He suffered there in Rome, broken and emaciated, an old man of forty-nine. It was his final struggle. On Christmas Eve he breathed his last. The long fight was over.

Economic Harmonies and other books by and about Bastiat are available from The Foundation for Economic Education, Inc., Irvington-on-Hudson, N.Y. 10533. Ask for *Literature of Freedom* catalogue and order form.

IDEAS ON LIBERTY

Self-Interest, Competition, Harmony

SELF-INTEREST is that indomitable individualistic force within us that urges us on to progress and discovery, but at the same time disposes us to monopolize our discoveries. Competition is that no less indomitable humanitarian force that wrests progress, as fast as it is made, from the hands of the individual and places it at the disposal of all mankind.

FREDERIC BASTIAT, *Economic Harmonies*

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Bruce D. Porter

ON LIBERTY AND LIBERATION

For at least half a century now the word liberty has been declining in popular usage and the word liberation has been advancing. Today in the United States the word liberty has all but disappeared from public discourse, while liberation has become a fashionable term, enthusiastically invoked in political oratory, in everyday conversation, and in respected works of scholarship.

This is not a mere case of linguistic drift. The decline of liberty and the rise of liberation reveal the extent to which doctrinal myths and political folly have come to dominate our age. Americans are forgetting the meaning of liberty in pursuit of a phantom liberation. Over two centuries ago at Buckinghamshire Edmund Burke observed that, "The people never give up their liberties but under some delusion." With mad abandon contemporary Americans are jettisoning many of their once-cherished freedoms and values as they seek an impossible form of liberation—from moral restraints, self-discipline, responsibility, work, necessity, competition, struggle, inequality, natural law, and the consequences of their own behavior. It is a senseless, tragic course which can lead only to subservience, dependency, and decadence. It is a delusion.

An imperative prerequisite to our survival as a free nation is that we recapture—in our hearts and minds, as well as in our politics—an understanding of the true nature of liberty. A love of liberty and a clear comprehension of the foundations upon which it rests will quickly dis-

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pel every attraction of the false ideologies of liberation.

Liberty is a divine gift, one of the most priceless of God's bequests to man, and the natural, inalienable right of every person who enters the world. In simplest terms liberty may be defined as the freedom of the individual to shape his own destiny and to govern his own affairs. Of necessity this implies the freedom to choose one's associations, loyalties, beliefs, opportunities, and economic relationships, as well as the freedom to exercise control over the fruits of one's own labors.

Though liberty is God-given, mortal efforts are required to sustain and preserve it. Human institutions do not grant liberty, but they often usurp it. Individuals are born free, but they can willfully sell, abandon, or reject that birthright. For these reasons, liberty is never free. When not defended, it will not survive; when not exercised, it will atrophy.

Essentials of Liberty

Liberty can only endure when certain conditions are met. First, there must be *an absence of coercive actions* intended to impede the free exercise of will or to rob individuals of their labors and investments. Coercive force is justified only when it is imperative to the defense of liberty, i.e., when exerted to prevent a yet greater coercive act. Criminals and tyrants of every form stand ready to destroy human freedom, to rob the property of others, to impose their will upon whole societies. Their influence must be checked if liberty is to prosper.

A second necessary condition for the survival of liberty is that individuals possess and are free to acquire the *positive means needed to pursue rational ends.* These means include material resources, talent, initiative, knowledge, energy, discipline, and a love of progress and freedom. Liberty does not consist of undirected, impotent, and senseless expressions of the human will; rather, it thrives as the individual acquires power to act and to focus his efforts in meaningful directions. Liberty requires power—not power over others, but power to effect personal progress, to change one's circumstances for the better.

Thirdly, the preservation of liberty requires that individuals manifest *moral commitment and self-restraint* in the choice and pursuit of their goals. Liberty means the absence of coercive restraints, but it does not mean the absence of all restraints. We cannot escape the consequences of our own behavior. The unrestrained pursuit of power means enslavement to ambition, the unrestrained pursuit of wealth means enslavement to avarice, the unrestrained pursuit of pleasure means enslavement to passions.

Without moral limits liberty de-

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generates into license and license turns inevitably toward destructive ends. The moral authority which sets limits on the scope of an individual's actions must flow from within him, the product of conscience and reason; when imposed by a higher authority, however well-intentioned, moral laws are transformed into instruments of coercion and domination.

A Constitutional Structure

Keeping these conditions in mind, it is instructive to inquire into the kind of social structure which will foster liberty. In order to insure the first condition of liberty, a constitutional and legal framework must be erected and upheld, its principal end being to guard against all coercive challenges to personal liberty—whether from individuals, institutions, foreign armies, or from the state itself.

The threat to liberty of the state itself should be emphasized, for unless such a constitutional system is strictly self-limiting its administrative apparatus will grow in size and power until it comes to dominate the entire society according to its own vested interests. Consensus and consent are fundamental to the establishment and operation of a free government, but the goal sought is not so much "government of the people"—for this can imply that majorities deserve coercive power—as a *government of laws,* administered as impersonally and fairly as possible.

By itself alone a constitutionally limited government will never suffice to insure the survival of human liberty. This is because government cannot bring about the second and third conditions of liberty discussed above—the power and means necessary for positive action and the moral limits within which liberty operates. Government can be an arbiter, but it can never be a provider. It can enforce protective laws, but it cannot produce virtuous people or act as a higher moral authority.

A cycle of futility results whenever the state attempts to provide the resources and human energy necessary for progress. Every resource a government provides to the individuals in a society must first be taken from those individuals. Because the process of injecting them back into the society will always incur a net loss, the result over time will be economic stagnation, declining initiative in society as a whole, depletion of real resources, debasement of currency, decline in productive capital, and the disintegration of social cohesiveness. The end of this cycle of futility is the dependency of the people on the government and the death of liberty. Liberty is certain to perish in any society which relies solely on government to create the conditions of liberty.

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No matter how carefully structured and well-defined are the legal rights, checks, and balances of a constitutional system, this cycle of futility will at some point ensue unless the citizens of the commonwealth possess a strong spirit of independence and self-reliance, and the moral sensibilities to recognize true liberty when they see it. When the moral will and independence of the majority of a population decline, the checks and balances of any system will erode. No constitutional system can long endure if its legislators are not devoted to higher principles, if its judiciary is corrupt, if its administrators do not place integrity above all other qualities.

Moral Foundations

The constitutional framework of liberty must rest upon a firm foundation: the love of independence in the hearts of a people, their moral commitment, and the vast human and material resources which they possess and independently control. The institutions which transmit this foundation from generation to generation are almost all private: families, churches, corporations, firms, associations, publishers, newspapers, and the like. (Schools can also play a key role if they are under the control of those who pay for them, rather than under the central government.) Standing independent from the state, these institutions are the foundations of a society's liberty. If the state encroaches upon their domain and subsumes their functions, liberty declines. But so long as a people cherish the moral and material resources which give them the power to be independent and so long as the state is a strictly limited constitutional government of laws, liberty will prosper.

The increasingly difficult and unfortunate circumstances in which America finds itself today may be traced in large part to a general decline in liberty. Genuine freedom continues to diminish even as large numbers of Americans are seduced by the muddle-headed mythology of liberation, believing that it will somehow make them freer. Quite the opposite consequence will result, for the doctrine and practice of liberation constitute a direct assault on the conditions and structure of liberty.

In order to discern the destructive potential underlying the multitude of contemporary theories and programs advocating liberation, it suffices simply to ask: liberation from what? We learn to begin with that we are to be liberated from "artificial" self-restraints and moral limits—from the third condition of liberty discussed above.

Proponents of liberation preach that freedom is an unrestrained, limitless, spontaneous expression of

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the human will, ignoring the reality that meaningful progress can only be made when disciplined efforts are rationally directed. Liberty is not a bundle of whims and passions. In order to promote this doctrine it is necessary to attack all the traditional and independent sources of morality: religion, family, private property, private schools, local control of education, corporate independence, and so forth. In this manner liberation seeks to undermine the very foundation of liberty.

"Effortless Abundance"

This is only the beginning. We are also to be liberated from work, want, necessity, and struggle. Thus, liberation ignores the second condition of liberty: that individuals must possess and acquire the positive instruments of action in order to be free. The assumption is that freedom—the power to act, choose, and progress—can somehow exist without effort and investment.

In the pursuit of this chimera goal of an effortless world of abundance for all, the advocates of liberation seek naturally to use the coercive power of the state in order to extract resources from others. In this manner liberation becomes a predatory doctrine which can only accomplish its ends by dismantling the constitutional checks of limited government and replacing it with an all-powerful bureaucracy devoted to central planning, income redistribution, economic dictatorship, and totalitarian control over individual lives. And thus perishes the first condition of liberty—the absence of coercive power.

Liberation is a delusion which cannot lead to real freedom because it is based on principles and values fundamentally contradictory to true liberty. The consequences of the decline of liberty and the rise of liberation in America have never been described more eloquently than by William Simon:

> There has never been such freedom before in America to speak freely . . . to publish anything and everything, including the most scurrilous gossip; to take drugs and to prate to children about their alleged pleasures; to propagandize for bizarre sexual practices: to watch bloody and obscene entertainment. Conversely, compulsion rules the world of work. There has never been so little freedom in America to plan, to save, to invest, to build, to produce, to invent, to hire, to fire, to resist coercive unionization, to exchange goods and services, to risk, to profit, to grow.
>
> . . . Americans are constitutionally free today to do almost everything that our cultural tradition has previously held to be immoral and obscene, while the police powers of the state are being invoked against almost every aspect of the productive process.[1]

It is not difficult to discern the logical

[1] William Simon, *A Time for Truth* (New York: Berkely Press edition, 1979), p. 251.

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end of this trend: America will be liberated of its liberty.

Prior to the American revolution the world was imbued with the notion that liberty was dangerous and irresponsible, that its establishment could lead only to anarchy, indolence, and the breakdown of society. The birth of the American republic and the astonishing release of human energy and productivity which resulted shattered this myth forever. America was both free and stable; it possessed both liberty and order.

The liberty of America became the cherished ideal of oppressed peoples everywhere. Liberty suddenly acquired a respectable name. Never thereafter was it possible for the enemies of freedom to attack it frontally. The most bitter opponents of genuine liberty came to portray their policies, programs, and ideologies as pathways to freedom.

Instead of liberty, however, the favorite watchword became liberation. Under this banner march the tyrannies of our time, from Soviet Russia with its wars of national liberation to the kaleidoscope of coercive political programs in America which invoke the mirage of liberation. The twentieth century has been a century of liberation—of a war on freedom fought in the name of freedom.

The irony of America's present course is that in the name of freedom from restraints, every source of independent power and morality is being undermined; in the name of freedom from work, want, and scarcity, the constitutional framework of liberty is being dismantled, attacked, and perverted past recognition. Beyond the irony stands the very real tragedy that in the name of freedom we are being led inexorably toward oppression and slavery.

IDEAS ON LIBERTY

Preserve Our Defenses

INNOVATION, invention, change, all depend on the freedom of the individual to stand on his own feet. We can revert to communism very easily for it is the only system mankind has known throughout the far greater part of his existence. It is not a system to be attained by effort but one which returns to us when we dodge responsibility and fail to preserve our defenses; particularly our religious defenses. It is like the jungle awaiting silently around us ready to creep back and swallow up our feeble efforts the moment we cease struggling to hoe our vegetables and sow our grain. When it comes, it will not be an advance in evolution but a reversion to barbarism.

GEORGE WINDER

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Ludwig von Mises

Foreign Investment

SOME people call the programs of economic freedom a negative program. They say: "What do you liberals really want? You are against socialism, government intervention, inflation, labor union violence, protective tariffs. . . . You say 'no' to everything."

I would call this statement a one-sided and shallow formulation of the problem. For it is possible to formulate a liberal program in a *positive* way. If a man says "I am against censorship," he is not negative; he is *in favor* of authors having the right to determine what they want to publish without the interference of government. This is not negativism, this is precisely freedom. (Of course, when I use the term "liberal" with respect to the conditions of the economic system, I mean liberal in the old *classical* sense of the word.)

Today, most people regard the considerable differences in the standard of living between many countries as unsatisfactory. Two hundred years ago, conditions in Great Britain were much worse than they are today in India. But the British in 1750 did not call themselves "undeveloped" or "backward," because they were not in a position to compare the conditions of their country with those of countries in which economic conditions were more satisfactory. Today all people who have not attained the average standard of living of the United States believe that there is something wrong with their own economic situation. Many of these countries call themselves "developing countries" and, as such, are asking for

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PHOTO BY DAVID JARRETT

Ludwig von Mises, 1881-1973, was one of the great defenders of a rational economic science, and perhaps the single most creative mind at work in this field in our century.

Found among the papers of Dr. Mises were transcripts of lectures he delivered in Argentina in 1959. These have now been edited by his widow and are available as a Regnery/Gateway paperbacked book. This article, one of the lectures, is here reprinted by permission of the publishers. All rights reserved.

The book, *Economic Policy: Thoughts for Today and Tomorrow,* also may be purchased at $4.95 from The Foundation for Economic Education, Inc., Irvington-on-Hudson, N.Y. 10533.

aid from the so-called developed or even overdeveloped countries.

Not Better Workers, but More Capital

Let me explain the reality of this situation. The standard of living is lower in the so-called developing countries because the average earnings for the same type of labor is lower in those countries than it is in some countries of Western Europe, Canada, Japan, and especially in the United States. If we try to find the reasons for this difference, we must realize that it is not due to an inferiority of the workers or other employees. There prevails among some groups of North American workers a tendency to believe that they themselves are better than other people—that it is through their own merit that they are getting higher wages than other people.

It would only be necessary for an American worker to visit another country—let us say, Italy, where many American workers came from—in order to discover that it is *not* his personal qualities but the conditions in the country that make it possible for him to earn higher wages. If a man from Sicily migrates to the United States, he can very soon earn the wage rates that are customary in the United States. And if the same man returns to Sicily, he will discover that his visit to the United States did not give him qualities which would permit him to earn higher wages in Sicily than his fellow countrymen.

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Nor can one explain this economic situation by assuming any inferiority on the part of entrepreneurs outside the United States. It is a fact that outside of the United States, Canada, Western Europe, and certain parts of Asia the equipment of the factories and the technological methods employed are, by and large, inferior to those within the United States. But this is not due to the ignorance of the entrepreneurs in those "undeveloped" countries. They know very well that the factories in the United States and Canada are much better equipped. They themselves know everything they must know about technology, and if they do not, they have the opportunity to learn what they must know from textbooks and technical magazines which disseminate this knowledge.

Once again: the difference is not personal inferiority or ignorance. The difference is the supply of capital, the quantity of capital goods available. In other words, the amount of capital invested per unit of the population is greater in the so-called advanced nations than in the developing nations.

A businessman cannot pay a worker more than the amount added by the work of his employee to the value of the product. He cannot pay him more than the customers are prepared to pay for the *additional* work of this individual worker. If he pays him more, he will not recover his expenditures from the customers. He incurs losses and, as I have pointed out again and again, and as everybody knows, a businessman who suffers losses must change his methods of business, or go bankrupt.

Marginal Productivity

The economists describe this state of affairs by saying "wages are determined by the marginal productivity of labor." This is only another expression for what I have just said before. It is a fact that the scale of wages is determined by the amount a man's work increases the value of the product. If a man works with better and more efficient tools, then he can perform in one hour much more than a man who works one hour with less efficient instruments. It is obvious that 100 men working in an American shoe factory, equipped with the most modern tools and machines, produce much more in the same length of time than 100 shoemakers in India, who have to work with old-fashioned tools in a less sophisticated way.

The employers in all of these developing nations know very well that better tools would make their own enterprises more profitable. They would like to build more and better factories. The only thing that prevents them from doing it is the shortage of capital. The difference between the less developed and the more developed nations is a function

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of time: the British started to save sooner than all other nations: they also started to accumulate capital and to invest it in business. Because they started sooner, there was a higher standard of living in Great Britain when, in all other European countries, there was still a lower standard of living. Gradually, all the other nations began to study British conditions, and it was not difficult for them to discover the reason for Great Britain's wealth. So they began to imitate the methods of British business.

Since other nations started later, and since the British did not stop investing capital, there remained a large difference between conditions in England and conditions in those other countries. But something happened which caused the headstart of Great Britain to disappear.

Investment Abroad

What happened was the greatest event in the history of the nineteenth century, and this means not only in the history of an individual country. This great event was the development, in the nineteenth century, of *foreign investment*. In 1817, the great British economist Ricardo still took it for granted that capital could be invested only within the borders of a country. He took it for granted that capitalists would not try to invest abroad. But a few decades later, capital investment abroad began to play a most important role in world affairs.

Without capital investment, it would have been necessary for nations less developed than Great Britain to start with the methods and the technology with which the British had started, in the beginning and middle of the eighteenth century, and slowly, step by step—always far below the technological level of British economy—try to imitate what the British had done.

It would have taken many, many decades for these countries to attain the standard of technological development which Great Britain had reached a hundred years or more before them. But the great event that helped all these countries was foreign investment.

Foreign investment meant that British capitalists invested British capital in other parts of the world. They first invested it in those European countries which, from the point of view of Great Britain, were short of capital and backward in their development. It is a well-known fact that the railroads of most European countries, and also of the United States, were built with the aid of British capital. You know that the same happened in this country, in Argentina.

The gas companies in all the cities of Europe were also British. In the mid 1870s, a British author and poet criticized his countrymen. He said:

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"The British have lost their old vigour and they have no longer any new ideas. They are no longer an important or leading nation in the world." To which Herbert Spencer, the great sociologist, answered: "Look at the European continent. All European capitals have light because a British gas company provides them with gas." This was, of course, in what seems to us the "remote" age of gas lighting. Further answering this British critic, Herbert Spencer added: "You say that the Germans are far ahead of Great Britain. But look at Germany. Even Berlin, the capital of the German Reich, the capital of *Geist,* would be in the dark if a British gas company had not invaded the country and lighted the streets."

British Capital in the U.S.

In the same way, British capital developed the railroads and many branches of industry in the United States. And, of course, as long as a country imports capital, its balance of trade is what the noneconomists call "unfavorable." That means that it has an excess of imports over exports. The reason for the "favorable balance of trade" of Great Britain was that the British factories sent many types of equipment to the United States, and this equipment was not paid for by anything other than shares of American corporations. This period in the history of the United States lasted, by and large, until the 1890s.

But when the United States, with the aid of British capital—and later with the aid of its own procapitalistic policies—developed its own economic system in an unprecedented way, the Americans began to buy back the capital in stocks they had once sold to foreigners. Then the United States had a surplus of exports over imports. The difference was paid by the importation —by the repatriation, as one called it—of American common stock.

This period lasted until the First World War. What happened later is another story. It is the story of the American subsidies for the belligerent countries in, between, and after two world wars: the loans, the investments the United States made in Europe, in addition to lend-lease, foreign aid, the Marshall Plan, food that was sent overseas, and other subsidies. I emphasize this because people sometimes believe that it is shameful or degrading to have foreign capital working in their country. You have to realize that, in all countries except England, foreign capital investment played a considerable part in the development of modern industries.

If I say that foreign investment was the greatest historical event of the nineteenth century, you must think of all those things that would not have come into being if there

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had not been any foreign investment. All the railroads, the harbors, the factories and mines in Asia, and the Suez Canal and many other things in the Western hemisphere, would not have been constructed had there been no foreign investment.

Safe from Expropriation

Foreign investment is made in the expectation that it will not be expropriated. Nobody would invest anything if he knew in advance that somebody would expropriate his investments. At the time when these foreign investments were made in the nineteenth century, and at the beginning of the twentieth century, there was no question of expropriation. From the beginning, some countries showed a certain hostility toward foreign capital, but for the most part they realized very well that they derived an enormous advantage from these foreign investments.

In some cases, these foreign investments were not made directly to foreign capitalists, but indirectly by loans to the foreign government. Then it was the government that used the money for investments. Such was, for instance, the case in Russia. For purely political reasons, the French invested in Russia, in the two decades preceding the First World War, about twenty billion gold francs, lending them chiefly to the Russian government. All the great enterprises of the Russian government—for instance, the railroad that connects Russia from the Ural Mountains, through the ice and snow of Siberia, to the Pacific—were built mostly with foreign capital lent to the Russian government. You will realize that the French did not assume that, one day, there would be a communist Russian government that would simply declare it would not pay the debts incurred by its predecessor, the tsarist government.

Unexpected Confiscation

Starting with the First World War, there began a period of worldwide open warfare against foreign investments. Since there is no remedy to prevent a government from expropriating invested capital, there is practically no legal protection for foreign investments in the world today. The capitalists did not foresee this. If the capitalists of the capital exporting countries had realized it, all foreign investments would have come to an end forty or fifty years ago. But the capitalists did not believe that any country would be so unethical as to renege on a debt, to expropriate and confiscate foreign capital. With these acts, a new chapter began in the economic history of the world.

With the end of the great period in the nineteenth century when

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foreign capital helped to develop, in all parts of the world, modern methods of transportation, manufacturing, mining, and agriculture, there came a new era in which the governments and the political parties considered the foreign investor as an *exploiter* who should be expelled from the country.

In this anti-capitalist attitude the Russians were not the only sinners. Remember, for example, the expropriation of the American oil fields in Mexico, and all the things that have happened in *this* country (Argentina) which I have no need to discuss.

Anticapitalism in India

The situation in the world today, created by the system of expropriation of foreign capital, consists either of direct expropriation or of indirect expropriation through foreign exchange control or tax discrimination. This is mainly a problem of developing nations.

Take, for instance, the biggest of these nations: India. Under the British system, British capital—predominantly British capital, but also capital of other European countries—was invested in India. And the British exported to India something else which also has to be mentioned in this connection; they exported into India modern methods of fighting contagious diseases. The result was a tremendous increase in the Indian population and a corresponding increase in the country's troubles. Facing such a worsening situation, India turned to expropriation as a means of dealing with its problems. But it was not always direct expropriation; the government harassed foreign capitalists, hampering them in their investments in such a way that these foreign investors were forced to sell out.

India could, of course, accumulate capital by another method: the *domestic* accumulation of capital. However, India is as hostile to the domestic accumulation of capital as it is to foreign capitalists. The Indian government says it wants to industrialize India, but what it really has in mind is to have *socialist* enterprises.

A few years ago the famous statesman Jawaharlal Nehru published a collection of his speeches. The book was published with the intention of making foreign investment in India more attractive. The Indian government is not opposed to foreign investment *before* it is invested. The hostility begins only when it is *already* invested. In this book—I am quoting literally from the book—Mr. Nehru said: "Of course, we want to socialize. But we are not opposed to private enterprise. We want to encourage in every way private enterprise. We want to promise to entrepreneurs

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who invest in our country, that we will not expropriate them nor socialize them for ten years, perhaps even for a longer time." And he thought this was an invitation to come to India!

The problem—as you know—is domestic capital accumulation. In all countries today there are very heavy taxes on corporations. In fact, there is double taxation on corporations. First, the profits of corporations are taxed very heavily, and the dividends which corporations pay to their shareholders are taxed again. And this is done in a progressive way.

Taxing Profits

Progressive taxation of income and profits means that precisely those parts of the income which people would have saved and invested are taxed away. Take the example of the United States. A few years ago, there was an "excess-profit" tax, which meant that out of one dollar earned, a corporation retained only eighteen cents. When these eighteen cents were paid out to the shareholders, those who had a great number of shares had to pay another sixty or eighty or even greater percent of it in taxes. Out of the dollar of profit they retained about seven cents, and ninety-three cents went to the government. Of this ninety-three percent, the greater part would have been saved and invested. Instead, the government used it for current expenditure. This is the policy of the United States.

I think I have made it clear that the policy of the United States is not an example to be imitated by other countries. This policy of the United States is worse than bad—it is *insane*. The only thing I would add is that a rich country can afford more bad policies than a poor country. In the United States, in spite of all these methods of taxation, there is still some additional accumulation of capital and investment every year, and therefore there is still a trend toward an improvement of the standard of living.

But in many other countries the problem is very critical. There is no—or not sufficient—domestic saving, and capital investment from abroad is seriously reduced by the fact that these countries are openly hostile to foreign investment. How can they talk about industrialization, about the necessity to develop new plants, to improve conditions, to raise the standard of living, to have higher wage rates, better means of transportation, if these countries are doing things that will have precisely the opposite effect? What their policies actually accomplish is to prevent or to slow down the accumulation of domestic capital and to put obstacles in the way of foreign capital.

The end result is certainly very

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bad. Such a situation must bring about a loss of confidence, and there is now more and more distrust of foreign investment in the world. Even if the countries concerned were to change their policies immediately and were to make all possible promises, it is very doubtful that they could once more inspire foreign capitalists to invest.

International Cooperation

There are, of course, some methods to avoid this consequence. One could establish some international statutes, not only agreements, that would withdraw the foreign investments from national jurisdiction. This is something the United Nations could do. But the United Nations is simply a meeting place for useless discussions. Realizing the enormous importance of foreign investment, realizing that foreign investment alone can bring about an improvement in political and economical world conditions, one could try to do something from the point of view of international legislation.

This is a technical legal problem, which I only mention, because the situation is not hopeless. If the world really wanted to make it possible for the developing countries to raise their standard of living to the level of the American way of life, then it could be done. It is only necessary to realize *how* it could be done.

What is lacking in order to make the developing countries as prosperous as the United States is only one thing: *capital*—and, of course, the freedom to employ it under the discipline of the market and not the discipline of the government. These nations must accumulate domestic capital, and they must make it possible for foreign capital to come into their countries.

For the development of domestic saving it is necessary to mention again that domestic saving by the masses of the population presupposes a stable monetary unit. This implies the absence of *any* kind of inflation.

A great part of the capital at work in American enterprises is owned by the workers themselves and by other people with modest means. Billions and billions of saving deposits, of bonds, and of insurance policies are operating in these enterprises. On the American money market today it is no longer the banks, it is the insurance companies that are the greatest money lenders. And the money of the insurance company is—not legally, but economically—the property of the insured. And practically everybody in the United States is insured in one way or another.

The prerequisite for more economic equality in the world is industrialization. And this is possible only through increased capital

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investment, increased capital accumulation. You may be astonished that I have not mentioned a measure which is considered a prime method to industrialize a country. I mean . . . protectionism. But tariffs and foreign exchange controls are exactly the means to *prevent* the importation of capital and industrialization into the country. The only way to increase industrialization is to have more capital. Protectionism can only divert investments from one branch of business to another branch.

The Failure of Protectionism

Protectionism, in itself, does not add anything to the capital of a country. To start a new factory one needs capital. To improve an already existing factory one needs capital, and not a tariff.

I do not want to discuss the whole problem of free trade or protectionism. I hope that most of your textbooks on economics represent it in a proper way. Protection does not change the economic situation in a country for the better. And what *certainly* does not change it for the better is labor unionism. If conditions are unsatisfactory, if wages are low, if the wage earner in a country looks to the United States and reads about what is going on there, if he sees in the movies how the home of an average American is equipped with all modern comforts, he may be envious. He is perfectly right in saying: "We ought to have the same thing." But the only way to obtain it is through an increase in capital.

Labor unions use violence against entrepreneurs and against people they call strikebreakers. Despite their power and their violence, however, unions cannot raise wages continually for all wage earners. Equally ineffective are government decrees fixing minimum wage rates. What the unions *do* bring about (if they succeed in raising wage rates) is permanent, lasting unemployment.

But unions cannot industrialize the country, they cannot raise the standard of living of the workers. And this is the decisive point. One must realize that all the policies of a country that wants to improve its standard of living must be directed toward an increase in the capital invested per capita. This per capita investment of capital is still increasing in the United States, in spite of all of the bad policies there. And the same is true in Canada and in some of the West European countries. But it is unfortunately decreasing in countries like India.

We read every day in the newspapers that the population of the world is becoming greater, by perhaps 45 million people—or even more—per year. And how will this end? What will the results and the

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consequences be? Remember what I said about Great Britain. In 1750 the British people believed that six million constituted a tremendous overpopulation of the British Isles and that they were headed for famines and plagues. But on the eve of the last world war, in 1939, fifty million people were living in the British Isles, and the standard of living was incomparably higher than it had been in 1750. This was the effect of what is called industrialization—a rather inadequate term.

Capital Migration

Britain's progress was brought about by increasing the per capita investment of capital. As I said before . . . there is only one way a nation can achieve prosperity: if you increase capital, you increase the marginal productivity of labor, and the effect will be that real wages will rise.

In a world without migration barriers, there would be a tendency all over the world toward an equalization of wages rates. If there were no migration barriers today, probably twenty million people would try to reach the United States every year, in order to get higher wages. The inflow would reduce wages in the United States, and raise them in other countries.

I do not have time to deal with this problem of migration barriers. But I do want to say that there is another method toward the equalization of wage rates all over the world. This other method, which operates in the absence of the freedom to migrate, is the *migration of capital.* Capitalists have the tendency to move towards those countries in which there is plenty of labor available and in which labor is reasonable. And by the fact that they bring capital into these countries, they bring about a trend toward higher wage rates. This has worked in the past, and it will work in the future, in the same way.

When British capital was first invested in, let us say, Austria or Bolivia, wage rates there were much, much lower than they were in Great Britain. But this additional investment brought about a trend toward higher wage rates in those countries. And such a tendency prevailed all over the world. It is a very well-known fact that as soon as, for instance, the United Fruit Company moved into Guatemala, the result was a general tendency toward higher wage rates, beginning with the wages which United Fruit Company paid, which then made it necessary for other employers to pay higher wages also. Therefore, there is no reason at all to be pessimistic in regard to the future of "undeveloped" countries.

I fully agree with the Communists and the labor unions, when they say:

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"What is needed is to raise the standard of living." A short time ago, in a book published in the United States, a professor said: "We now have enough of everything, why should people in the world still work so hard? We have everything already." I do not doubt that this professor has everything. But there are other people in other countries, also many people in the United States, who want and should have a better standard of living.

Outside of the United States—in Latin America, and still more in Asia and Africa—everyone wishes to see conditions improved in his own country. A higher standard of living also brings about a higher standard of culture and civilization.

So I fully agree with the ultimate goal of raising the standard of living everywhere. But I disagree about the measures to be adopted in attaining this goal. What measures will attain this end? Not protection, not government interference, not socialism, and certainly not the violence of the labor unions (euphemistically called collective bargaining, which, in fact, is bargaining *at the point of a gun*).

No Instant Paradise

To attain the end, as I see it, there is only one way! It is a slow method. Some people may say, it is too slow. But there are no short cuts to an earthly paradise. It takes time, and one has to work. But it does not take as much time as people believe, and finally an equalization will come.

Around 1840, in the western part of Germany—in Swabia and Württemberg, which was one of the most industrialized areas in the world—it was said: "We can never attain the level of the British. The English have a head start, and they will forever be ahead of us." Thirty years later the British said: "This German competition, we cannot stand it, we have to do something against it." At that time, of course, the German standard was rapidly rising and was, even then, approaching the British standard. And today the German income per capita is not behind that of Great Britain at all.

In the center of Europe, there is a small country, Switzerland, which nature has endowed very poorly. It has no coal mines, no minerals, and no natural resources. But its people, over the centuries, have continually pursued a capitalistic policy. They have developed the highest standard of living in continental Europe, and their country ranks as one of the world's great centers of civilization. I do not see why a country such as Argentina—which is much larger than Switzerland both in population and in size—should not attain the same high standard of living after some years of good policies. But—as I pointed out—the policies must be good.

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In Defense of Decadent Europe

HENRY KISSINGER has called Raymond Aron's *In Defense of Decadent Europe* (Regnery-Gateway, P. O. Box 207, South Bend, Indiana 46624, 297 pp., $14.95) "one of the most important intellectual statements of our time." Certainly its acceptance in France, where Aron was long ago hailed as the Walter Lippmann of his country and then ignored, is indicative of its bellwether value.

Aron has attempted nothing less than to confute Joseph Schumpeter's famous prediction that capitalism would be undermined not by any economic shortcomings but by a fatal inability to enlist the continuing support of the intellectuals, or those among them whom Irving Kristol calls the "new class."

Schumpeter's thesis always seemed particularly relevant when one looked at the French scene. The French intellectuals, young and old, listened respectfully when Jean-Paul Sartre, the playwright, wrote that "Marxism remains the unsurpassable philosophy of our era." All through the Sixties the French university students flocked to the Sartre standard, even erupting without visible grievances into the type of violence that, in America, was blamed on the Vietnam War.

The Communists, of course, continued to get something like a fifth of the French vote. Combined with the two-fifths commanded by the socialists, the Communist vote might have pushed France over the brink. The fact that it didn't was due to a semi-Stalinist headstrong leadership that refused to follow the Italian "Eurocommunists" who have tried to sneak up on the bourgeois by pretending to a belief in the eternal relevance of democratic procedures.

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Time has passed in France since the student outbreaks of 1968, and the intellectuals have had some second thoughts. They are now discovering that, in Raymond Aron, they have had the sort of thinker that goes in the United States by the name of neo-conservative. Former socialists such as Jean-Francois Revel are, amid some continuing confusions, coming to see that Aron has all along been right in championing the virtues of a free economy and classical, as opposed to collectivist, liberalism.

Developments in Europe

It was thirty years ago that Aron, a professor of sociology, joined forces with Jean Monnet in the effort to unite western Europe both economically and politically. Despite a "parliament" at Strasbourg, Monnet's hopes have never been fulfilled. The nations of the "western rump of Europe" have followed different courses. West Germany has been the most capitalistic. Spain has just recently emerged from the extreme authoritarianism of the Franco years. Portugal was saved by a miracle from going wholly Communist. Switzerland remains its individualistic self, but the virus of social democratic welfarism has sapped the economic strength of England, Scandinavia and, to a lesser extent, the Low Countries. France and Italy have survived, one gathers, because of a cynicism that has always enabled productive Latins to elude the tax collector and maintain the health of the "other," or subterranean, economy.

Western Europe might be called "decadent" for a number of reasons. But Aron uses the word affectionately, as if to say, "If this be decadence, make the most of it." The true decadence, he thinks, is what he calls "the Marxist vulgate." And he wonders that so many in the Europe of his affections should have been so impressed by Marxism-Leninism—and even Stalinism—over the years.

Aron's chief rhetorical tool is his Gallic sarcasm. Marxism, he notes, has never yet managed to create a state that has shown any tendency to wither away. Nor has the proletariat, or the "working class," ever taken the lead in pulling off a revolution. Lenin and Trotsky, in Russia, relied on a small band of professional revolutionaries drawn from the intellectual classes. They were terrorists even more than they were Marxists—Lenin believed that it was better to kill a hundred innocent people than let one guilty person go free, and he actually put this in writing. In China, Mao depended on his professional revolutionary officers, and he worked through the peasantry, not the city proletariat. Eastern Europe was taken over by the Red Army in 1945 and 1946 and

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forced to become Communist in spite of itself. In Cuba and Chile, Marxists succeeded by cheating. Castro posed, for a period, as the voice of the anti-Batista middle classes. Allende, in Chile, was voted into office as a "democrat." Fortunately, the Chilean middle classes caught on to the swindle before Chile went under completely. The Cuban middle classes were not so lucky.

A Parade of Ironies

What impresses Aron is that all of the "Marxist" and "proletarian" revolutions occurred in parts of the world that had never been industrialized. This was certainly not what Marx had predicted. Lenin's theory that the West European countries must have colonies to exploit if they were to preserve high standards of living at home also proved an utter fallacy. The Dutch were far better off after their loss of Indonesia; the French were never so prosperous once they relinquished Indochina and Algeria. As for the West Germans and the Japanese, they have proved conclusively that the need for "lebensraum" is a delusion.

Aron concludes from his parade of ironies that Marxism-Leninism and Maoism are theories for "the use of fanatics and dunces." The whole theory of central planning, he says, would be disastrous if it were to be adopted in any advanced economy. Where there are thousands of differing relationships between prices, not even a central planning board consisting of Solomons could provide a system that would bring the right materials to the right place at the right time and in the right quantities. Without a capitalist outer world to provide pricing information, the Soviet and the East European economies would be in a truly appalling mix-up.

As for "surplus value," which might better be defined as the wage that is earned by those who provide the machinery and the requisite management skills, it exists in any economy that seeks the means to perpetuate itself. In socialist countries it is siphoned off by the state for various purposes which include, besides the development of new business, the maintenance of all the special privileges of the bureaucracy. It is no accident, to use a Marxist expression, that there are few private cars in Russia, or that a peasant, seeking a hoe for his pitiful private plot, has to improvise one for himself.

True enough, there is no unemployment in Soviet Russia, but this is because every existing job is split in many ways. Russia boasts that it outproduces the United States in steel. But with all its steel capacity it cannot provide its workers with decent housing or small tools.

Aron piles irony upon irony. But

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the strangest irony of all is that the West has been "unaware of its own superiority." Aron paints a picture of western Europe as "its own victim." He suggests that it has engaged in ideological drug addiction. The question, with Aron, is whether it can emerge from its dope dream in time to arm itself against the new Genghis Khans who use Marx to cover their predatory instincts. The response to Aron's book in France is encouraging. One hopes it has not come too late.

PERCEPTION, OPPORTUNITY, AND PROFIT: STUDIES IN THE THEORY OF ENTREPRENEURSHIP
by Israel M. Kirzner
(University of Chicago Press, 11030 S. Langley Ave., Chicago, Ill. 60628), 1979
274 pages ■ $15.00 cloth

Reviewed by Brian Summers

IF economics is to be of any practical use, it must relate to the real world. But most economists make unrealistic assumptions—equilibrium, perfect competition, and the like—which, if not handled with great care, lead to absurd policy conclusions.

Perfect knowledge is implicit in many of these assumptions. If we assume that individuals have perfect knowledge of all available opportunities, then nothing remains to be discovered. With the assumption of perfect knowledge, human action is reduced to a mechanical allocation of given resources among a given hierarchy of ends.

But, Israel Kirzner points out, people do not instantly perceive all opportunities. There are always opportunities for mutually beneficial exchanges waiting to be discovered.

For example, a basket of oranges may be available in the market for $5, while consumers may be willing to pay $12 for the same oranges converted into marmalade. The entrepreneur who perceives this, and who keeps his other costs below $7, brings about a mutually favorable trade between orange growers and marmalade users while earning a profit for himself.

This insight—that the free market profit and loss system facilitates the discovery of opportunities for mutually beneficial exchanges—sheds new light on the workings of the market economy.

For instance, advertising is seen not as a device for manipulating consumers, nor merely as a means of conveying information. Rather, advertising alerts consumers to the availability of products. If an advertisement is colorful, funny, or noisy, it is because the advertiser believes that this is needed for consumers to notice that a purchase opportunity exists.

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Besides casting new light on the free enterprise system, Professor Kirzner offers profound insights into the consequences of government intervention. For example, in a thought-provoking chapter on individual liberty, he points out that freedom is usually "identified with the power to achieve chosen goals. Loss of freedom quite similarly, comes to be identified with thwarted desires. Freedom comes, from such a perspective, to be something whose curtailment triggers immediate pain. One cannot lose freedom, in this view, without feeling its loss. The matter is seen quite differently from the entrepreneurial perspective on freedom.

"The entrepreneurial view of freedom permits us to see how freedom to choose may inspire the discovery of opportunities that may be invisible to those to whom this freedom is denied. Those to whom the freedom to choose has been denied will, in such cases, have no inkling that they are being denied an otherwise attainable goal. One denied the right to choose to enter college may never realize that he possesses the intellectual potential to be admitted to college. Denial of freedom to choose, from this perspective, does not necessarily inflict the pain of thwarted desires. In fact, *one may lack freedom and be convinced that one's well-being is wholly unaffected by its lack.*"

Thus, the very nature of government intervention precludes a concrete specification of all the liberties which have been impaired by the growth of the state. Similarly, it is impossible to know—much less measure—all the costs of intervention. We simply cannot know what exchange opportunities might have been noticed had government intervention not removed the means of exploiting them.

Perhaps the most important chapters in this book deal with property rights. Rather than viewing property rights as arising solely from (1) "mixing labor" with unowned resources and (2) voluntary transactions, Kirzner offers a finders-creators-keepers approach. According to this view, entrepreneurs discover and hence create new values. An entrepreneur who discovers that he can buy a product for $8 and sell it for $10 can be thought of as creating the $2 profit.

Perception, Opportunity, and Profit is replete with such profound insights. The style is easy to follow, but where Kirzner has broken new ground, the reader had best proceed with careful deliberation. And when the reader is finished, he may find that some of his old assumptions have been dropped along the way.

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Ideas on

Liberty

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